U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

(Check One)

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☐ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended _____

Commission file number: _____

THERATECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Québec, Canada	**2834**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Industrial Industrial Classification Code Number (if applicable)	(I.R.S. Employer Identification Number)

2310 Alfred-Nobel Boulevard
Montreal, Québec, Canada H4S 2B4
(514) 336-7800
(Address and Telephone Number of Registrant's Principal Executive Offices)

CT Corporation System
111-8th Avenue, New York, New York 10011
(212) 894-8940
(Name, Address (Including Zip Code) and Telephone Number (Including Area Code) of Agent For Service in the United States)

Copies to:

Jocelyn Lafond
Theratechnologies Inc.
2310 Alfred-Nobel Blvd.
Montreal, Québec, H4S 2B4
CANADA
(514) 336-4804

Lawrence S. Wittenberg
Martin C. Glass
Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
(617) 570-1000

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title Of Each Class	Name Of Exchange On Which Registered
Common Shares	**The NASDAQ Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
For annual reports, indicate by check mark the information filed with this Form:

☐ Annual Information Form ☐ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **Not applicable**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes ☐ No ☐

FORWARD-LOOKING STATEMENTS

This registration statement and the exhibits attached hereto contain forward-looking statements and forward-looking information within the meaning of applicable securities laws that are based on our management's belief and assumptions and on information currently available to our management, collectively, "forward-looking statements". In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "project", "predict", "intend", "potential", "continue" and similar expressions intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements in this registration statement include, but are not limited to, statements about:

- our ability, and the ability of our commercial partners, to commercialize EGRIFTA ® in the United States and other territories;
- whether we will receive regulatory approvals for tesamorelin from regulatory agencies in territories other than the United States in which we wish to expand the commercialization of tesamorelin, and the timing and costs of obtaining such regulatory approvals;
- our recognition of milestones, royalties and other revenues from our commercial partners related to future sales of EGRIFTA ®;
- our plans to conduct a new clinical program for tesamorelin in muscle wasting in chronic obstructive pulmonary disease, or COPD, including the timing and results of these clinical programs;
- the continuation of our collaborations and other significant agreements with our existing commercial partners and our ability to establish and maintain additional development collaborations;
- our estimates of the size of the potential markets for EGRIFTA ®, tesamorelin and our other product candidates;
- the rate and degree of market acceptance of EGRIFTA ® and our other product candidates;
- our success in obtaining, and the timing and amount of, reimbursement for EGRIFTA ® and our other product candidates;
- the benefits of tesamorelin and our other product candidates as compared to others';
- the success and pricing of other competing drugs or therapies that are or may become available;
- our ability to maintain and establish intellectual property rights in tesamorelin and our other product candidates;
- the manufacturing capacity of third-party manufacturers, including the manufacturer of tesamorelin in commercial quantities;
- our expectations regarding our financial performance, including revenues, expenses, gross margins, liquidity, capital expenditures and income taxes; and
- our need for additional financing and our estimates regarding our capital requirements and future revenues and profitability.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. Certain assumptions made in preparing the forward-looking statements include that:

- tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approval in territories other than the United States covered in our commercialization agreements;
- no additional clinical studies will be required to obtain said regulatory approval of tesamorelin;
- EGRIFTA® will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payors;
- our relations with third-party suppliers of EGRIFTA ® will be conflict-free and that such third-party suppliers will have the capacity to manufacture and supply EGRIFTA® to meet market demand and on a timely basis;
- we will obtain positive results from our clinical program for the development of tesamorelin for muscle wasting in COPD patients; and
- our business plan will not be substantially modified.

Forward-looking statements reflect our views as of the date of the statements with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, the forward-looking events and circumstances discussed in this registration statement may not occur, and you should not place undue reliance on these forward-looking statements. We discuss many of these risks in greater detail under the heading “Risk Factors” in our Annual Information Form for the fiscal year ended November 30, 2010, which is filed as exhibit 99.1 to this Registration Statement, as well as in the other documents attached as exhibits to this Registration Statement. Also, these forward-looking statements represent our estimates and assumptions only as of the date of the statements. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law. We qualify all of the information presented in this registration statement, and particularly our forward-looking statements, with these cautionary statements.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Corporation’s financial statements, including those in the exhibits attached to this Registration Statement, are prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). IFRS differ in some significant respects from U.S. GAAP, and thus the Corporation’s financial statements may not be comparable to the financial statements of United States companies. These differences between IFRS and U.S. GAAP might be material to the financial information presented in this registration statement. In addition, differences may arise in subsequent periods related to changes in IFRS or U.S. GAAP or due to new transactions we enter into. We are not required to prepare a reconciliation of our consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and have not quantified such differences.

NASDAQ QUORUM REQUIREMENT

Nasdaq Marketplace Rule 5615(a)(3) permits a foreign private issuer to follow its home country practice in lieu of certain of the requirements of the Rule 5600 Series. A foreign private issuer that follows a home country practice in lieu of one or more provisions of the Rule 5600 Series shall disclose in its registration statement related to its initial public offering or first U.S. listing on Nasdaq, or on its website, each requirement of the Rule 5600 Series that it does not follow and describe the home country practice followed by the issuer in lieu of those requirements.

The Corporation does not follow Rule 5620(c), but instead follows its home country practice. The Nasdaq minimum quorum requirement under Rule 5620(c) for a meeting of shareholders is 33.33% of the outstanding common shares. In addition, Rule 5620(c) requires that an issuer listed on Nasdaq state its quorum requirement in its bylaws. On February 8, 2006, as permitted by Part IA of the Companies Act (Québec), the Corporation's directors approved a by-law amendment, which amendment was ratified by the Corporation's shareholders on March 30, 2006, providing that one or more persons present in person or duly represented and holding not less than 10% of our common shares shall constitute a quorum at a meeting of our shareholders. The foregoing is consistent with the laws, customs, and practices in Canada.

DOCUMENTS FILED PURSUANT TO GENERAL INSTRUCTIONS

In accordance with General Instruction B.(1) of Form 40-F, the Corporation hereby incorporates by reference Exhibit 99.1 through 99.91 as set forth in the Exhibit Index attached hereto. In accordance with General Instruction D.(9) of Form 40-F, the Corporation has filed a written consent of an expert named in the foregoing Exhibit 99.92, as set forth in the Exhibit Index attached hereto.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists as of November 30, 2010 information with respect to the Corporation's known contractual obligations (stated in Canadian dollars).

Contractual Obligations	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 years
Long Term Debt Obligations	—	—	—	—	—
Capital Lease Obligations	—	—	—	—	—
Operating Lease Obligations	$6,237,000	$ 55,000	$1,311,000	$ 928,000	$3,943,000
Purchase Obligations	—	—	—	—	—
Other Long-Term Liabilities	—	—	—	—	—
Total	$6,237,000	$ 55,000	$1,311,000	$ 928,000	$3,943,000

Long-term procurement agreements:

During and after the years ended November 30, 2010 and 2009, the Corporation entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of *EGRIFTA*®.

Credit facility:

The Corporation has a $1,800,000 revolving credit facility, bearing interest at prime plus 0.5%. Under the terms of the credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000,000, the Corporation will provide the bank with a first rank movable hypothec (security interest) of $1,850,000 on securities judged satisfactory by the bank.

As at November 30, 2010 and 2009, the Corporation did not have any borrowings outstanding under this credit facility.

UNDERTAKINGS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the staff of the SEC, information relating to the securities registered pursuant to this Registration Statement or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

Concurrently with the filing of this Registration Statement, the Registrant will file with the SEC an Appointment of Agent for Service of Process and Undertaking on Form F-X.

Any change to the name or address of the agent for service of the Registrant shall be communicated promptly to the SEC by amendment to Form F-X referencing the file number of the Registrant.

SIGNATURES

Pursuant to the requirements of the United States Securities Exchange Act of 1934, as amended, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized.

THERATECHNOLOGIES INC.

By: /s/ Luc Tanguay
Name: Luc Tanguay
Title: Senior Executive Vice President and Chief Financial Officer

Date: June 13, 2011

EXHIBIT INDEX

Exhibit	Description
	Annual Information
99.1	Annual information form, for the year ended November 30, 2010
99.2	Management's Discussion and Analysis, for the twelve months ended November 30, 2010 and 2009
99.3	Audited annual financial statements, for the years ended November 30, 2010 and 2009, and as of December 1, 2008
99.4	Annual information form, for the year ended November 30, 2009
99.5	Annual report, for the year ended November 30, 2009
99.6	Management's Discussion and Analysis (amended), for the twelve months ended November 30, 2009 and 2008
99.7	Management's Discussion and Analysis, for the twelve months ended November 30, 2009 and 2008
99.8	Audited annual financial statements, for the years ended November 30, 2009 and 2008
	Quarterly Information
99.9	Management's Discussion and Analysis, for the three months ended February 28, 2011 and 2010
99.10	Interim financial statements/report, for the three months ended February 28, 2011 and 2010
99.11	Management's Discussion and Analysis, for the three and nine months ended August 31, 2010 and 2009
99.12	Interim financial statements (amended), for the nine months ended August 31, 2010 and 2009
99.13	Management's Discussion and Analysis (amended), for the three and nine months ended August 30, 2010 and 2009
99.14	Interim financial statements, for the nine months ended August 30, 2010 and 2009
99.15	Management's Discussion and Analysis (amended), for the three and six months ended May 31, 2010 and 2009
99.16	Interim financial statements (amended), for the six months ended May 31, 2010 and 2009
99.17	Management's Discussion and Analysis, for the three and six months ended May 31, 2010 and 2009
99.18	Interim financial statements, for the six months ended May 31, 2010 and 2009
99.19	Management's Discussion and Analysis (amended), for the three months ended February 28, 2010 and 2009
99.20	Interim financial statements (amended), for the three months ended February 28, 2010 and 2009 (as of February 9, 2011)

Exhibit	Description
99.21	Interim financial statements (amended), for the three months ended February 28, 2010 and 2009 (as of July 27, 2010)
99.22	Management's Discussion and Analysis, for the 3 months ended February 28, 2010 and 2009
99.23	Interim financial statements, for the three months ended February 28, 2010 and 2009
99.24	Management's Discussion and Analysis, for the three months ended November 30, 2009 and 2008
99.25	Interim financial statements, for the periods ended November 30, 2009 and 2008
	Shareholder Meeting Materials
99.26	Notice of annual and special meeting of shareholders, dated April 14, 2011, for the Annual and Special Meeting of Shareholders on May 18, 2011
99.27	Form of proxy for the Annual and Special Meeting of Shareholders on May 18, 2011
99.28	Management information circular, dated April 14, 2011
99.29	Notice of annual and special meeting of shareholders, dated February 23, 2010, for the Annual and Special Meeting of Shareholders on March 25, 2010
99.30	Form of proxy for the Annual and Special Meeting of Shareholders on March 25, 2010
99.31	Management information circular, dated February 23, 2010
	Material Change Reports
99.32	Material change report, dated June 3, 2011
99.33	Material change report, dated May 27, 2011
99.34	Material change report, dated February 22, 2011
99.35	Material change report, dated February 10, 2011
99.36	Material change report, dated December 16, 2010
99.37	Material change report, dated November 19, 2010
99.38	Material change report, dated September 1, 2010
99.39	Material change report, dated June 8, 2010
99.40	Material change report, dated February 11, 2010
	Press Releases
99.41	Press release, dated June 6, 2011, announcing filing of european marketing authorization application of tesamorelin
99.42	Press release, dated June 2, 2011 adopting new R&D Business Model
99.43	Press release, dated May 18, 2011, regarding annual and special meeting of the shareholders
99.44	Press release, dated May 16, 2011, announcing annual and special meeting of the shareholders
99.45	Press release, dated April 12, 2011, announcing results for the first quarter 2011
99.46	Press release, dated March 8, 2011, announcing decision to withdraw the cross-border offering
99.47	Press release, dated February 22, 2011, announcing filing of preliminary prospectus for cross-border offering

Exhibit	Description
99.48	Press release, dated February 22, 2011, announcing new clinical program in muscle wasting in Chronic Obstructive Pulmonary Disease (COPD)
99.49	Press release, dated February 9, 2011, announcing results for the 2010 fiscal year
99.50	Press release, dated February 3, 2011, announcing a distribution and licensing agreement for tesamorelin in Europe
99.51	Press release, dated February 2, 2011, concerning a conference call to announce a partnership agreement
99.52	Press release, dated December 6, 2010, announcing a distribution and licensing agreement for EGRIFTA in Latin America, Africa and the Middle East with sanofi-aventis
99.53	Press release, dated December 5, 2010, concerning a conference call to announce a partnership agreement
99.54	Press release, dated December 2, 2010, announcing plans of early adoption of International Financial Reporting Standards
99.55	Press release, dated December 1, 2010, welcoming the arrival of its new President and CEO
99.56	Press release, dated November 11, 2010, announcing FDA approval of EGRIFTA
99.57	Press release, dated November 10, 2010, concerning a conference call to announce FDA's final decision on its new drug application for tesamorelin
99.58	Press release, dated October 14, 2010, announcing the retirement date for the President and CEO: Mr. Yves Rosconi
99.59	Press release, dated October 12, 2010, announcing results for the third quarter 2010
99.60	Press release, dated October 5, 2010, announcing presentation at BioContact Quebec
99.61	Press release, dated September 20, 2010, announcing presentation at UBS Global Life Sciences Conference
99.62	Press release, dated September 13, 2010, announcing presentation at the Interscience Conference on Antimicrobial Agents and Chemotherapy 50th annual meeting
99.63	Press release, dated September 1, 2010, announcing the appointment of a new President and CEO
99.64	Press release, dated August 2, 2010, announcing presentations at both BMO and Canaccord Genuity conferences
99.65	Press release, dated July 26, 2010, announces receipt of a motion of authorization to institute a class action
99.66	Press release, dated July 20, 2010, updates timeline for FDA action date for tesamorelin's New Drug Application
99.67	Press release, dated July 7, 2010, announcing results for second quarter 2010
99.68	Press release, dated June 29, 2010, announcing addition to the Russell Global Index
99.69	Press release, dated June 24, 2010, announcing publication of combined tesamorelin Phase 3 results in JCEM

Exhibit	Description
99.70	Press release, dated June 8, 2010, announcing presentation at both Jefferies and Needham conferences
99.71	Press release, dated June 2, 2010, announcing that Yves Rosconi, President & CEO of Theratechnologies, will retire on December 31, 2010
99.72	Press release, dated May 27, 2010, announcing positive vote by FDA Advisory Committee for tesamorelin
99.73	Press release, dated April 5, 2010, announcing presentation at BioFinance 2010 conference
99.74	Press release, dated March 25, 2010, reporting positive outcome at its annual and special meeting of shareholders
99.75	Press release, dated March 23, 2010, announcing financial results for the first quarter 2010
99.76	Press release, dated March 22, 2010, announcing Annual and Special Meeting of Shareholders
99.77	Press release, dated March 22, 2010, announcing that FDA confirmed date for Advisory Committee review of tesamorelin's New Drug Application
99.78	Press release, dated March 1, 2010, announcing publication of second Phase 3 results in JAIDS
99.79	Press release, dated February 25, 2010, announcing a tentative new date for the FDA Advisory Committee review of the tesamorelin New Drug Application
99.80	Press release, dated February 10, 2010, announcing that milestones met in 2009 lead to optimistic outlook
99.81	Press release, dated February 10, 2010, announcing adoption of shareholder rights plan
99.82	Press release, dated January 25, 2010, reporting that the FDA will reschedule for administrative reasons the Advisory Committee meeting to review tesamorelin's NDA
99.83	Press release, dated January 18, 2010, reporting the date for FDA Advisory Committee Review of the Tesamorelin New Drug Application
99.84	Press release, dated January 11, 2010, announcing presentation at Biotech Showcase 2010
99.85	Press release, dated December 29, 2009, announcing patent protection in Brazil for tesamorelin
	Other Material Documents Filed with Canadian Securities Regulators
99.86	Shareholder Rights Plan Agreement, dated as of February 10, 2010
99.87	Supply Agreement, by and between Theratechnologies Inc. and Gruppo Cartotecnico abar litofarma SRL, dated January 5, 2010
99.88	OEM Agreement, by and between Theratechnologies Inc. and Becton Dickinson Canada Inc., dated November 6, 2009
99.89	Development and Supply Agreement, by and between Theratechnologies Inc. and Hospira Worldwide, Inc., dated as of March 26, 2009
99.90	Manufacturing and Supply Agreement, by and among Theratechnologies Inc., Bachem Americas Inc., and Bachem, Inc., dated March 11, 2009

Exhibit	Description
99.91	Manufacture and Supply Agreement, by and between Draxis Pharma General Partnership and Theratechnologies Inc., dated as of December 23, 2009
	Consent
99.92	Consent of KPMG LLP

Exhibit 99.1

ANNUAL INFORMATION FORM
Financial Year Ended November 30, 2010

February 22, 2011

FORWARD-LOOKING STATEMENTS

This Annual Information Form, or AIF, contains forward-looking statements and forward-looking information within the meaning of applicable securities laws that are based on our management's belief and assumptions and on information currently available to our management, collectively, "forward-looking statements". In some cases, you can identify forward-looking statements by terms such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "project", "predict", "intend", "potential", "continue" and similar expressions intended to identify forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability, and the ability of our commercial partners, to commercialize *EGRIFTA*® in the United States and other territories;
- whether we will receive regulatory approvals for tesamorelin from regulatory agencies in territories other than the United States in which we wish to expand the commercialization of tesamorelin, and the timing and costs of obtaining such regulatory approvals;
- our recognition of milestones, royalties and other revenues from our commercial partners related to future sales of *EGRIFTA*®;
- our plans to conduct a new clinical program for tesamorelin in muscle wasting in chronic obstructive pulmonary disease, or COPD, including the timing and results of these clinical programs;
- the continuation of our collaborations and other significant agreements with our existing commercial partners and our ability to establish and maintain additional development collaborations;
- our estimates of the size of the potential markets for *EGRIFTA*®, tesamorelin and our other product candidates;
- the rate and degree of market acceptance of *EGRIFTA*® and our other product candidates;
- our success in obtaining, and the timing and amount of, reimbursement for *EGRIFTA*® and our other product candidates;
- the benefits of tesamorelin and our other product candidates as compared to others;
- the success and pricing of other competing drugs or therapies that are or may become available;
- our ability to maintain and establish intellectual property rights in tesamorelin and our other product candidates;
- the manufacturing capacity of third-party manufacturers, including the manufacturer of tesamorelin in commercial quantities;
- our expectations regarding our financial performance, including revenues, expenses, gross margins, liquidity, capital expenditures and income taxes; and
- our need for additional financing and our estimates regarding our capital requirements and future revenues and profitability.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed in or implied by the forward-looking statements. Certain assumptions made in preparing the forward-looking statements include that:

- tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approval in territories other than the United States covered in our commercialization agreements;
- no additional clinical studies will be required to obtain said regulatory approval of tesamorelin;
- *EGRIFTA*® will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payors;
- our relations with third-party suppliers of *EGRIFTA*® will be conflict-free and that such third-party suppliers will have the capacity to manufacture and supply *EGRIFTA*® to meet market demand and on a timely-basis;
- we will obtain positive results from our clinical program for the development of tesamorelin for muscle wasting in COPD patients; and
- our business plan will not be substantially modified.

Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these risks and uncertainties, the forward-looking events and circumstances discussed in this AIF may not occur, and you should not place undue reliance on these forward-looking statements. We discuss many of these risks in greater detail under the heading “Risk Factors”. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this AIF. We undertake no obligation and do not intend to update or revise these forward-looking statements, unless required by law. We qualify all of the information presented in this AIF, and particularly our forward-looking statements, with these cautionary statements.

This AIF also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry and target indications. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

BASIS OF PRESENTATION

We obtained the industry, market and competitive position data in this AIF from our own internal estimates and research as well as from industry and general publications and research surveys and studies conducted by third parties. Certain statistical data and other information regarding the size of our potential markets are based on industry publications and/or derived from our own internal analysis of such industry publications. While we believe our internal company research is reliable and the market definitions, methodology and hypotheses we use are appropriate, such research, analysis, methodology or definitions have been verified by an independent source. We cannot and do not provide any assurance as to the accuracy or completeness of such information. Market forecasts, in particular, are likely to be inaccurate, especially over long periods of time.

In this AIF, the use of *EGRIFTA*® refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy regardless of the trade name used for such product in any particular territory. *EGRIFTA*® is the trade name used in the United States for tesamorelin for the

reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA*® is our trademark. Other trademarks and service marks appearing in this AIF are the property of their respective holders.

All monetary amounts set forth in this AIF are expressed in Canadian dollars, except where otherwise indicated. References to "$" and "C$" are to Canadian dollars and references to "US$" are to U.S. dollars.

In this AIF, references to "Theratechnologies", "we", "our" and "us" refer to Theratechnologies Inc. and its subsidiaries, unless the context otherwise states.

All information provided in this AIF is provided as of February 21, 2011, except where otherwise stated.

TABLE OF CONTENTS

ITEM 1 CORPORATE STRUCTURE

1.1 NAME, ADDRESS AND INCORPORATION

We were incorporated under the name Theratechnologies Inc. on October 19, 1993 under Part IA of the *Companies Act* (Québec) (now the *Business Corporations Act* (Québec)) by Certificate of Incorporation. We amended our articles on October 20, 1993 by repealing the restrictions applicable to private companies. On December 6, 1993, we again amended our articles to increase the number of directors and to modify our share capital. Finally, on March 26, 1997, we further modified our share capital to consist of an unlimited number of common shares and an unlimited number of preferred shares. Our common shares are listed on the Toronto Stock Exchange, or TSX, under the symbol "TH". See Item 6.1 for a complete description of our authorized share capital.

Our head office is located at 2310 Alfred-Nobel Boulevard, Montréal, Québec, Canada H4S 2B4. Our phone number is (514) 336-7800. Our website is www.theratech.com. The information contained on our website is not part of this AIF.

1.2 SUBSIDIARIES

As of February 21, 2011, Theratechnologies had the following three wholly-owned subsidiaries:

- **Theratechnologies Intercontinental Inc.**, a company incorporated under Part 1A of the *Companies Act* (Québec) and governed by the *Business Corporations Act* (Québec). Theratechnologies Intercontinental Inc., formerly Theratechnologies ME Inc., controls the worldwide rights to commercialize *EGRIFTA*® except in the United States, Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries, and Canada;
- **Theratechnologies Europe Inc.**, a company incorporated under Part 1A of the *Companies Act* (Québec) and governed by the *Business Corporations Act* (Québec). Theratechnologies Europe Inc., formerly 9176-5057 Québec Inc., controls the rights to commercialize *EGRIFTA*® in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries; and
- **Pharma-G Inc.**, a company incorporated under Part 1A of the *Companies Act* (Québec) and governed by the *Business Corporations Act* (Québec). Pharma-G Inc. is no longer an active subsidiary.

Theratechnologies has retained the rights to commercialize *EGRIFTA*® in the United States and in Canada.

ITEM 2 OUR BUSINESS

2.1 OVERVIEW

We are a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products with an emphasis on growth-hormone releasing factor, or GRF, peptides. Our strategy is to leverage our expertise in the field of metabolism and GRF peptides to address serious health disorders while remaining actively involved in the commercialization of our future products. Our first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration, or FDA, in November 2010. *EGRIFTA*® is currently the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

We estimate that excess abdominal fat in HIV-infected patients affects approximately 29% of HIV-infected patients treated with antiretroviral therapies and approximately 12% of untreated patients. In HIV-infected patients, lipodystrophy may be caused by the viral infection itself, the use of antiretroviral therapy, or both. Lipodystrophy is characterized by abnormalities in the production and storage of fat, which lead to excess abdominal fat, or lipohypertrophy, and the loss of fat tissue, or lipoatrophy, generally occurring in the limbs and facial area.

Excess abdominal fat in HIV-infected patients is associated with significant health risks beyond the mortality risk of the HIV infection itself. These health risks include metabolic disturbances such as hyperlipidemia, an increase in the amount of fat in the blood (such as triglycerides and cholesterol), and hyperglycemia, an increase in the amount of sugar in the blood, characterized by insulin resistance, both of which lead to increased risks of cardiovascular disease and diabetes. While there is evidence that suggests that lipoatrophy may be reduced with certain newer HIV therapies, we are not aware of any evidence showing that any currently-marketed HIV therapy reduces lipohypertrophy or the incidence of lipohypertrophy.

EGRIFTA® is currently marketed exclusively in the United States by EMD Serono Inc., or EMD Serono, an affiliate of Merck KGaA, Darmstadt, Germany, pursuant to a collaboration and licensing agreement. We have also recently entered into distribution and licensing agreements for *EGRIFTA*® with Sanofi Winthrop Industries S.A., or Sanofi, granting Sanofi the exclusive commercialization rights in Latin America, Africa and the Middle East and with Ferrer Internacional S.A., or Ferrer, granting Ferrer the exclusive commercialization rights in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries. For a description of these agreements, see Item 2.5. Using data compiled by the United States Center for Disease Control, or CDC, and the World Health Organization and UNAIDS, or WHO/UNAIDS, we estimate that in 2012 there will be approximately 190,000 HIV-infected patients treated with antiretroviral therapies with lipohypertrophy in the United States, 170,000 in Europe, and 180,000 in Latin America, or 540,000 patients in total. We also estimate that in 2012, there will be an additional 47,000 HIV-infected untreated patients with lipohypertrophy in the United States, 42,000 in Europe, and 28,000 in Latin America, or an additional 117,000 patients in total.

In January 2011, EMD Serono launched *EGRIFTA*® in the United States. EMD Serono is executing a launch program that consists of medical education, advertising, marketing and promotion through their experienced sales force, and supporting market access through co-pay programs, reimbursement education and support for payors. We believe *EGRIFTA*® will achieve a high degree of physician and payor acceptance, driven by our product's safety and efficacy, the lack of approved alternative therapies for these patients and the prominent medical and social need to treat HIV/AIDS patients.

EGRIFTA® is the trade name used for our first marketed product using our most advanced compound, tesamorelin. Tesamorelin is a GRF analogue that stimulates the synthesis and pulsatile release of endogenous growth hormone. Tesamorelin was synthesized using our internally-developed peptide stabilization method. This method increases a protein's resistance to enzymatic degradation, which prolongs its duration of action and enhances its effectiveness in clinical use. We believe this compound and future GRF analogues that we are developing can be used in a number of additional high-value indications. Clinical data have shown tesamorelin to have both lipolytic (fat-burning) and anabolic (muscle-building) properties. Our initial development of *EGRIFTA*® focused on the lipolytic properties of the compound.

Tesamorelin's anabolic properties have led us to pursue its development for muscle wasting in COPD patients as our second indication. COPD is characterized by progressive airflow obstruction due to chronic bronchitis or emphysema leading in certain cases to muscle wasting, a decrease of muscle mass and deterioration in functionality. We have completed a Phase 2 trial which demonstrated a statistically significant increase in lean body mass. Based upon these trial results, we intend to randomize our first patient in a new Phase 2 clinical study in the second half of 2011. Based on available market data, we estimate that in 2009, the number of diagnosed COPD patients with muscle wasting was approximately 3.1 million in the United States, France, Germany, Italy, United Kingdom, Spain and Japan.

To solidify our leadership position in the field of GRF therapeutics, we have embarked on a program to discover new generations of GRF analogues. We believe that GRF compounds have the potential to improve patient outcome in many high-value indications, such as wasting in chronic heart failure and renal failure, as well as growth deficiency with abdominal obesity. We also believe that we can improve the route of administration of GRF peptides to make them quicker and easier to use for patients. Our early-stage pipeline also includes compounds for the treatment of Acute Kidney Injury, or AKI, and certain cancers.

2.2 RECENT DEVELOPMENTS

Since the end of our most recently completed financial year, we have been engaged in the following activities:

- *COPD indication for EGRIFTA®.* On February 22, 2011, we announced a new clinical program in muscle wasting in COPD using tesamorelin. Tesamorelin's anabolic properties have led us to pursue the development of tesamorelin for muscle wasting in COPD patients for its second indication. The program will be conducted in stable ambulatory COPD patients with muscle wasting in the Global Initiative for Chronic Obstructive Lung Disease, or GOLD, stage II and III severity experiencing decreased functionality in daily activities.
- *Execution of distribution and licensing agreement for EGRIFTA ® for European market.* On February 3, 2011, we announced the execution, through Theratechnologies Europe Inc., of a distribution and licensing agreement with Ferrer granting it the exclusive commercialization rights of tesamorelin in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. For a description of this agreement, see Item 2.5.
- *Execution of distribution and licensing agreement for EGRIFTA ® for the Latin American, African and Middle Eastern Markets.* On December 6, 2010, we announced the execution, through Theratechnologies Intercontinental Inc., of a distribution and licensing agreement with sanofi-aventis S.A., granting one of its subsidiaries, Sanofi Winthrop Industries, the exclusive distribution rights to *EGRIFTA*® in Latin America, Africa and the Middle East for the reduction

of excess abdominal fact in HIV-infected patients with lipodystrophy. For a description of this agreement, see Item 2.5.

2.3 THREE YEAR HISTORY

2010

- *FDA approval received for EGRIFTA®.* On November 11, 2010, we announced that the FDA approved *EGRIFTA®* as the first and only drug indicated for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy (abdominal lipohypertrophy). The FDA approval triggered a US$25 million milestone payment pursuant to our collaboration and licensing agreement with EMD Serono.
- *Appointment of new President and Chief Executive Officer* . On September 1, 2010, we announced the appointment of Mr. John-Michel T. Huss as President and Chief Executive Officer of the Company, following the retirement of Mr. Yves Rosconi, effective November 30, 2010. Mr. Huss assumed his position on December 1, 2010.
- *Execution of research collaboration agreement with UQAM, Gestion Valeo and Transfert Plus.* On November 16, 2010, we entered into a research collaboration agreement with the Université du Québec à Montréal, or UQAM, Gestion Valeo, L.P., or Gestion Valeo, and Transfert Plus, L.P, or Transfert Plus, with the goal of discovering short peptide mimics of melanotransferrin with the hope of developing a novel cancer treatment. For a description of this agreement, see “Melanotransferrin peptides (Anti-cancer compounds)” at Item 2.5.
- *Adoption of shareholder rights plan.* On February 10, 2010, we announced that our board of directors had adopted a shareholder rights plan, effective as of such date. The plan was later ratified by our shareholders at our annual meeting held on March 23, 2010. The plan is designed to provide adequate time for the board of directors and the shareholders to assess an unsolicited takeover bid for Theratechnologies, to provide the board of directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares. For a description of the plan, see ITEM 9.

2009

- *Advisory Committee reviews NDA for tesamorelin.* On November 5, 2009, we announced that the Endocrinologic and Metabolic Drugs Advisory Committee of the FDA would be reviewing our New Drug Application, or NDA, for tesamorelin in the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.
- *Filing of NDA for tesamorelin*. On June 1, 2009, we announced the filing of an NDA with the FDA for tesamorelin, an analogue of the growth hormone-releasing factor, proposed for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

2008

- *Closing of transaction with EMD Serono.* On December 16, 2008, we announced that we closed the transaction related to the collaboration and licensing agreement with EMD Serono. As part of this transaction, we received an upfront payment of US$30 million which includes a license fee of US$22 million from EMD Serono. In addition, Merck KGaA purchased US$8 million of our common shares at a price of US$3.67 per share.

- *52-week confirmatory Phase 3 clinical trial results for tesamorelin.* On December 15, 2008, we announced the 52-week results of our confirmatory Phase 3 clinical trial, evaluating the long-term safety profile of tesamorelin in patients with HIV-associated lipodystrophy. 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 concluded the Phase 3 clinical studies for tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.
- *Execution of collaboration and licensing agreement with EMD Serono for tesamorelin in the United States.* On October 29, 2008, we announced the execution of a collaboration and licensing agreement with EMD Serono for the exclusive commercialization rights to tesamorelin in the United States for the reduction of excess abdominal fat in HIV patients with lipodystrophy. For a description of this collaboration and licensing agreement, see Item 2.5.
- *26-week confirmatory Phase 3 clinical trial results for tesamorelin.* On June 18, 2008, we announced our 26-week results of our confirmatory Phase 3 clinical trial, evaluating the efficacy of tesamorelin in patients with HIV-associated lipodystrophy. The study was powered to detect an 8% reduction in visceral adipose tissue versus placebo. The study met its primary endpoint as well as important secondary endpoints confirming the positive results obtained in our initial Phase 3 study.
- *Execution of strategic agreement with Dr. Grinspoon.* On May 15, 2008, we announced our entering into an agreement with both the MGH and Dr. Grinspoon to explore the use of tesamorelin in relative growth hormone deficient abdominally obese, or GHDAO, subjects. MGH, under the direction of Dr. Grinspoon, is the sponsor and is conducting a Phase 2 clinical trial with tesamorelin in subjects who have excess visceral adipose tissue, or VAT, with a moderate growth hormone deficiency and who are abdominally obese. We accepted to provide tesamorelin for this study and the MGH will retain the rights to the results generated by this study, and we obtained an exclusive worldwide license to commercialize any results. Dr. Grinspoon completed subject enrolment in December 2010.
- *Initiation of process to explore strategic options* . On January 29, 2008, we announced that our board of directors initiated a process to explore strategic options available to the Company to further enhance shareholder value.
- *US patent for tesamorelin issued* . On January 8, 2008, we announced that the United States Patent and Trademark Office, or USPTO, issued Patent Number 7,316,997 entitled “GH Secretagogues and Uses Thereof” to Theratechnologies. This patent covers methods of treatment of HIV-associated lipodystrophy using tesamorelin. The granting of this patent extended the patent term protection of tesamorelin in HIV-associated lipodystrophy for eight additional years, until 2023.
- *Phase 3 first clinical trial results for tesamorelin.* On December 5, 2007, we announced that the results of our first Phase 3 clinical trial using tesamorelin were published in the December 6, 2007 *New England Journal of Medicine* (www.nejm.org). The study, entitled “Metabolic Effects of a Growth Hormone-Releasing Factor in Patients with HIV”, outlines, in detail, the 26-week data of the trial. Top-line results of this Phase 3 trial were initially disclosed in December 2006.
- *Preclinical work for AKI.* We conducted some preclinical work on a molecule known as THG213.29 with the intent of pursuing a clinical program in AKI. Through our research and development, we discovered a new bifunctional peptide that appears to have favourable properties in the treatment of AKI in animal models of AKI. During our 2008 fiscal year, we

replaced THG213.29 with the new bifunctional peptide TH0673 in the event we decide to develop a clinical program for AKI.

2.4 OUR STRATEGY

Our goal is to leverage our expertise in the field of metabolism and GRF peptides to become a leading specialty pharmaceutical company with the necessary infrastructure to take innovative therapeutic products from research and development to full commercialization in worldwide markets. Key elements of this strategy include:

Maximize the global commercial potential of EGRIFTA®

In order to maximize the commercial potential of *EGRIFTA®* we have entered into licensing agreements with EMD Serono, Sanofi and Ferrer for different territories around the world. We intend to continue to support our commercial partners to ensure the successful commercialization of *EGRIFTA®* in their respective territories. This will include regulatory support, manufacture and supply of *EGRIFTA®*, and potential co-promotion.

We have developed a new presentation of *EGRIFTA®* which is quicker and easier to use than its current presentation. We are also developing a new and more concentrated formulation of tesamorelin. Compared to our current formulation, this new formulation requires a smaller volume of injection and is expected to be stable at room temperature. In addition, this new formulation could potentially be used with a new delivery device such as a pen, to facilitate patient self-administration. We expect the new presentation and the new formulation will have a positive impact on our manufacturing capacity and will significantly reduce our unit costs.

Develop tesamorelin for muscle wasting in COPD

We will be conducting a new clinical program in muscle wasting in COPD. We have demonstrated in a first Phase 2 clinical trial that tesamorelin has increased muscle mass in COPD patients. We believe tesamorelin could improve patients' functionality in daily activities and address a significant unmet need in a large and potentially lucrative market.

Solidify our position as a leader in the field of novel GRF products

We will leverage our expertise in peptide discovery, drug development and regulatory affairs to continue our development of new peptides, primarily GRF peptides, in order to expand our portfolio of product candidates and solidify our position as a leader in this field.

Be actively involved in the commercialization of our products

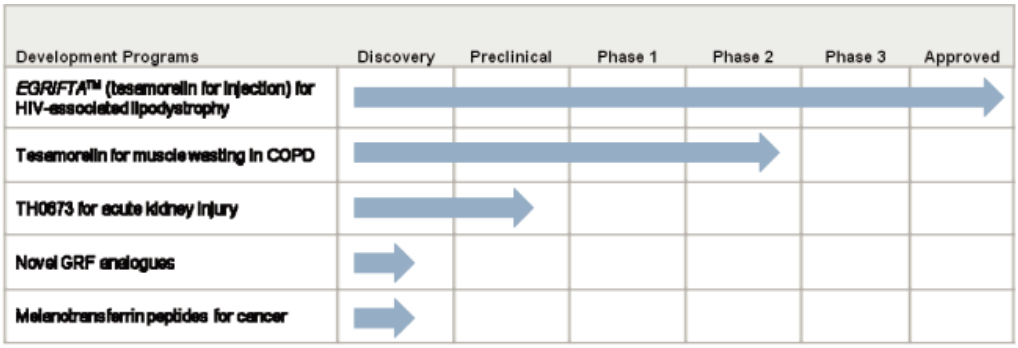
We intend to retain commercial rights to our future products for indications and territories where we believe we can effectively market them. We may also co-promote *EGRIFTA®* in certain territories and tesamorelin in other indications.

Pursue external growth opportunities

In addition to developing products internally, we will opportunistically pursue in-licensing arrangements or acquisitions of complementary businesses, compounds or products. We will also identify and evaluate commercial growth opportunities that may include collaborations with drug delivery companies.

2.5 OUR PRODUCT AND PRODUCT CANDIDATES

The following table provides an overview of our product and product candidates and their current stages of development:



EGRIFTA® — Our Lead Product

EGRIFTA® induces the release of growth hormone which causes a reduction in excess abdominal fat (lipohypertrophy) in HIV-infected patients without reducing or interfering with subcutaneous fat, and, as such, has no clinically significant effect on undesired loss of subcutaneous fat (lipoatrophy).

EGRIFTA® is currently available in the United States as a once-daily two unit dose (two vials, each containing 1 mg of tesamorelin) of sterilized lyophilized powder to be reconstituted with sterile water for injection. To administer *EGRIFTA*®, 1 ml is retrieved from each vial into one syringe to prepare a single 2 ml patient self-administered subcutaneous injection. *EGRIFTA*® is injected under the skin into the abdomen once a day.

For the purposes of FDA approval, *EGRIFTA*® was evaluated in two clinical trials involving 816 HIV-infected adult men and women with lipodystrophy and excess abdominal fat. In both studies, patients treated daily with *EGRIFTA*® experienced greater reductions in abdominal fat as measured by CT scan and greater improvements in belly appearance distress, compared with patients receiving another injectable solution (placebo). Once the treatment was terminated, the patients' condition reversed to its status prior to the beginning of the treatment. The most commonly reported adverse effects in the studies included reactions due to the release of endogenous hormone, such as joint pain (arthralgia), pain in the extremities, swelling in the lower limbs and muscle pain (myalgia), injection site reactions such as skin redness (erythema), itching (pruritis) and pain and clinically manageable changes in blood sugar control. Our clinical trials did not seek to measure any potential cardiovascular benefits of *EGRIFTA*® on cardiovascular events.

In connection with its approval, the FDA has required the following three post-approval commitments:

- *to develop a single vial presentation of the existing formulation of EGRIFTA ®*. We have developed a new presentation of *EGRIFTA*® which is quicker and easier to use than its current presentation. In the new presentation, *EGRIFTA*® will be available as a single unit dose (one vial containing 2 mg of tesamorelin) of sterile, lyophilized powder to be reconstituted with sterile water for injection. The FDA requires that this new presentation be available by

November 2013 and we expect it to be commercially available before that date. The development of the new presentation is complete and the dossier is ready for regulatory submission.

- *to conduct a long-term observational safety study using EGRIFTA®*. The purpose of the long-term observational study required by the FDA is to evaluate the safety of long-term administration of *EGRIFTA®*.
- *to conduct a Phase 4 clinical trial using EGRIFTA®*. The primary purpose of the Phase 4 clinical trial is to assess whether *EGRIFTA®* increases the incidence or progression of diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat.

The FDA requires that the proposed protocols for the long-term observational safety study and Phase 4 clinical trial be submitted by the second quarter of 2011. Under the terms of our collaboration and licensing agreement, EMD Serono is responsible for finalizing and obtaining approval of such protocols. We will continue to support EMD Serono in developing and finalizing such protocols.

Lipodystrophy

Lipodystrophy is characterized by abnormalities in the production and storage of fat. It has two components: lipohypertrophy, abnormal and excessive fat accumulation, and lipoatrophy, the noticeable, localized loss of fat tissue under the skin. In patients with lipohypertrophy, fat accumulation occurs mostly around the waist and may also occur in other regions, including breast tissue and in dorsocervical tissues in the neck, resulting in a “buffalo hump”. Excess fat also appears as lipomas, or benign tumors composed of fat cells. In patients with lipoatrophy, the loss of fat tissue generally occurs in the limbs and facial area.

Excess abdominal fat in HIV-infected patients is associated with significant health risks beyond the mortality risk of the HIV infection itself. These health risks include metabolic disturbances such as hyperlipidemia, an increase in the amount of fat in the blood (such as triglycerides and cholesterol), and hyperglycemia, an increase in the amount of sugar in the blood, characterized by insulin resistance, both of which lead to increased risks for cardiovascular disease and diabetes.

In HIV-infected patients, lipodystrophy may be caused by the viral infection itself, the use of antiretroviral therapy, or both. While there is evidence that suggests that lipoatrophy may be reduced with certain newer HIV therapies, we are not aware of any evidence showing that any currently-marketed HIV therapy reduces lipohypertrophy or the incidence of lipohypertrophy. Recent data suggest that different pathophysiological mechanisms are involved in the development of lipohypertrophy and lipoatrophy. The most common statistically significant independent risk factors identified for lipohypertrophy are duration of antiretroviral therapy, markers of disease severity and protease inhibitor use. Other factors include age, genetics, and gender.

Market Opportunity

Based on our analysis of 20 independent medical studies published from 2000 to 2004, we estimate that excess abdominal fat in HIV-infected patients affects approximately 29% of HIV-infected patients treated with antiretroviral therapies. According to a separate 2003 independent medical study, we estimate that an additional 12% of untreated HIV-infected patients are also affected by excess abdominal fat.

Based on the above-mentioned data, we have identified the following potential markets for *EGRIFTA®*.

- *United States*. The United States market represents the largest commercial opportunity for *EGRIFTA®*. We estimate the prevalence of HIV/AIDS in the United States will rise to 1.3 million people in 2012. Of this amount, approximately 650,000 people will be treated for HIV/AIDS and, of those patients treated, approximately 190,000 will suffer from excess abdominal fat. In addition, approximately 47,000 untreated patients will suffer from excess abdominal fat.
- *Europe*. We estimate the prevalence of HIV/AIDS in Europe will rise to 1.4 million people in 2012. Of this amount, approximately 590,000 people will be treated for HIV/AIDS and, of those patients treated, approximately 170,000 will suffer from excess abdominal fat. In addition, approximately 42,000 untreated patients will suffer from excess abdominal fat.
- *Latin America*. We estimate the prevalence of HIV/AIDS in Latin America will rise to 2.2 million people in 2012. Of this amount, approximately 630,000 people will be treated for HIV/AIDS and, of those patients treated, approximately 180,000 will suffer from excess abdominal fat. This number is proportionately lower than the other territories due to a lower percentage of diagnosed and treated patients. With approximately 60,000 treated patients who will suffer from excess abdominal fat, Brazil offers the largest market in Latin America for *EGRIFTA®*. In addition, approximately 28,000 untreated patients will suffer from excess abdominal fat.

We estimate that the total number of patients diagnosed with and treated for HIV/AIDS who will suffer from excess abdominal fat in our primary target markets will be 540,000 in 2012. We estimate that an additional 117,000 untreated patients may develop lipohypertrophy in such markets.

The foregoing information is based on historical data from the CDC for the United States, and WHO/UNAIDS for Europe and Latin America. We used the historical growth rates derived from that data to estimate the prevalence of HIV/AIDS in 2012.

EGRIFTA® Commercialization Activities

We are working closely with EMD Serono to support the commercialization of *EGRIFTA®*. We are also working closely with Sanofi and Ferrer to obtain regulatory approval for and the subsequent commercialization of *EGRIFTA®*. Each of our commercial partners were chosen due to their commercial and regulatory capabilities in their respective territories.

EMD Serono Agreement — United States

On October 28, 2008, we entered into a collaboration and licensing agreement granting EMD Serono the exclusive commercialization rights to *EGRIFTA®* for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

Under the terms of the agreement, EMD Serono has the exclusive right to conduct *EGRIFTA®* commercialization activities in the United States. We are responsible for the manufacturing and supply of *EGRIFTA®* and for the development of a new formulation. The agreement also entitles us to conduct additional clinical programs to develop tesamorelin for potential additional indications. EMD Serono has the option to commercialize products resulting from such additional clinical programs in the United States. If EMD Serono exercises this option, it will pay half of the development and regulatory costs incurred and to be incurred by us in connection with such additional clinical programs. If EMD Serono decides not to exercise its option, we have the right to commercialize tesamorelin for such indications on our own or with third parties. We also have the option to co-promote any product resulting from such clinical programs under terms and conditions to be agreed with EMD Serono. This agreement extends until the expiration of the last valid claim based on a patent right (including patent applications) controlled by us in the United States covering *EGRIFTA®*

or any other product based on an additional indication for tesamorelin that EMD Serono has elected to commercialize under the agreement.

We may receive up to US$215 million in upfront and milestone payments in addition to royalties and revenues from the sale of *EGRIFTA*® to EMD Serono. To date, we have received US$65 million which includes an upfront payment and regulatory milestone payments of US$57 million and an equity investment of US$8 million. Future milestone payments will be made based on the achievement of certain sales milestones. We will also be entitled to receive royalties at an increasing rate based on achieving specified levels of annual net sales of *EGRIFTA*® in the United States.

We made our first delivery of *EGRIFTA*® to EMD Serono on December 13, 2010. In January 2011, EMD Serono launched *EGRIFTA*® in the United States. EMD Serono is executing a launch program that consists of increasing disease awareness through medical education to doctors, patient advocacy and advertising, marketing and promotion through their experienced sales force, and supporting market access through patient support, co-pay programs, reimbursement education and support for payors.

EMD Serono is responsible for establishing the sale price of *EGRIFTA*® in the United States. The wholesale acquisition cost has been set at US$23,900 per patient per year. We expect to receive our first royalty payments in the second quarter of 2011.

Sanofi Agreement — Latin America, Africa and the Middle East

On December 6, 2010, we entered into a distribution and licensing agreement granting Sanofi, a subsidiary of Sanofi-aventis S.A., the exclusive commercialization rights to *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East.

Under the terms of the agreement, we will sell *EGRIFTA*® to Sanofi at a transfer price equal to the higher of a percentage of Sanofi's net selling price and a predetermined floor price. Sanofi will be responsible for conducting all regulatory and commercialization activities for *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the agreement. We will be responsible for the manufacture and supply of *EGRIFTA*® to Sanofi. We have retained all development rights to *EGRIFTA*® for other indications and will be responsible for conducting development activities for any additional potential indications. We also granted Sanofi an option to commercialize tesamorelin for other indications in the territories mentioned above. If such option is not exercised, or is declined, by Sanofi, we may commercialize tesamorelin for such indications on our own or with a third party. The initial term of this agreement extends until December 2020.

Ferrer Agreement — Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries

On February 3, 2011, we entered into a distribution and licensing agreement granting Ferrer the exclusive commercialization rights to *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Under the terms of the agreement, we will sell *EGRIFTA*® to Ferrer at a transfer price equal to the higher of a percentage of Ferrer's net selling price and a predetermined floor price. Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the agreement. We will be responsible for the manufacture and supply of

EGRIFTA® to Ferrer. We have retained all development rights to *EGRIFTA*® for other indications and will be responsible for conducting development activities for any additional potential indications. We have the option to co-promote *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Ferrer has the option to enter into a co-development and commercialization agreement using tesamorelin for potential additional indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development. This agreement extends until the later of the expiration of the last valid claim based on a patent right (including patent applications) controlled by us covering a product licensed under the agreement or ten years from the date of the first commercial sale of *EGRIFTA*® for each country covered by the agreement.

Unpartnered Territories

We have retained full commercial rights for *EGRIFTA*® in certain territories, including Canada. In territories where we do not currently have commercial partners, we may commercialize *EGRIFTA*® directly or in collaboration with commercial partners.

Tesamorelin — Our Lead Compound

Tesamorelin is a stabilized 44 amino acid human GRF analogue, which was synthesized in our laboratories in 1995 using our long-acting peptide method. Although natural peptides have significant therapeutic potential, they are subject to enzymatic degradation which severely limits their effectiveness in clinical use. Our long-acting peptide method is a peptide stabilization process which increases the target protein's resistance to enzymatic degradation, while maintaining its natural specificity. This usually results in a more stable and efficient compound, which can thus prolong its duration of action. Tesamorelin induces growth hormone secretion in a natural and pulsatile way. The clinical results obtained to date using tesamorelin suggest a therapeutic potential in both anabolic and lipolytic indications. *EGRIFTA*® has demonstrated the ability to significantly reduce visceral adipose tissue, increase muscle mass and reduce waist circumference.

Mechanism of action

In vitro, tesamorelin binds and stimulates human GRF receptors with similar potency as the endogenous GRF. GRF is a hypothalamic peptide that acts on the pituitary somatotroph cells to stimulate the synthesis and pulsatile release of endogenous growth hormone, which is both anabolic and lipolytic. Growth hormone exerts its effects by interacting with specific receptors on a variety of target cells, including chondrocytes, osteoblasts, myocytes, hepatocytes, and adipocytes, resulting in a host of pharmacodynamic effects. Some, but not all these effects, are primarily mediated by insulin-like growth factor one, IGF-1, produced in the liver and in peripheral tissues.

The effects of recombinant human growth hormone, or rhGH, and tesamorelin have been the subject of several clinical trials in the area of HIV-associated lipodystrophy. Based on these clinical trials, the safety profiles of rhGH and tesamorelin appear to be very different. The natural synthesis of growth hormone is regulated by a feedback mechanism preventing its overproduction. Tesamorelin induces 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. With the exogenous administration of rhGH, the feedback mechanisms are short-circuited, which gives rise to higher levels of growth hormone. The side effects associated with rhGH include nerve, muscle or joint pain, swelling due to fluid retention (edema), carpal tunnel syndrome, numbness and tingling of skin and increased risk of diabetes. These side effects are particularly frequent among older people. In addition, rhGH can cause hyperglycemia which makes it contraindicated for patients with diabetes or pre-diabetic conditions.

Muscle Wasting in COPD — New Indication for Tesamorelin

We have selected COPD as our second clinical program with tesamorelin. We chose to consider muscle wasting in COPD patients with decreased functioning in daily activities for a clinical program based on the anabolic properties of tesamorelin. The goal of the program is to show an improvement in functionality in daily activities in COPD patients with loss of muscle mass.

We completed a three-month Phase 2 clinical study involving 109 stable ambulatory COPD patients. Patients were randomized to receive either 1 mg or 2 mg doses of tesamorelin, or a placebo each day. Patients treated using 1 mg or 2 mg doses of tesamorelin experienced a statistically significant increase in lean body mass compared with patients receiving a placebo. In addition to the increase in lean body mass, such patients experienced improvements in three functional measures associated with tesamorelin, particularly for the 2 mg group. The three functional measures were:

- Respiratory symptoms, as assessed by St. George's Respiratory Questionnaire;
- Leg discomfort, as assessed by the Borg Scale following an exercise endurance test; and
- Breathing discomfort, as assessed by the Borg Scale following an exercise endurance test.

COPD

COPD is characterized by progressive airflow obstruction due to chronic bronchitis or emphysema, two commonly co-existing lung diseases. COPD results in a limitation of the flow of air to and from the lungs resulting in a shortness of breath. In contrast to asthma, the limitation of airflow is not easily reversible and usually gets progressively worse over time.

Many COPD patients are affected by a systemic manifestation which may lead to muscle wasting. Muscle wasting (cachexia or involuntary weight loss), a decrease or thinning of the muscle mass, is associated with several abnormalities, including impaired exercise capacity and functioning and decreased muscle strength. Muscle wasting is an independent predictor of a COPD patient's functional deterioration and mortality, and it is a common symptom in patients with moderate to severe COPD. The importance of improving not only muscle strength, but other functional parameters and quality of life is well recognized in order to improve the well being of patients with COPD and decreased functionality. We are not aware of any treatment for muscle wasting in COPD approved by any regulatory authorities.

Market opportunity

According to independent research, 26 million adults aged 40 or over were diagnosed with COPD in the United States, France, Germany, Italy, the United Kingdom, Spain and Japan in 2009. The prevalence of COPD increases with age and is much higher in adult males. The diagnosed population is expected to increase at a compound annual growth rate of 2.5%.

Treatment varies across countries and region, however 17.9 million patients were receiving treatment for COPD management in 2009 in the United States, France, Germany, Italy, the United Kingdom, Spain and Japan. COPD can be classified using four levels of severity, from mild to very severe (stages I to IV) using the GOLD classification. Our program will focus primarily on COPD patients in GOLD stage II and III. Based on available market data, we estimate that in 2009, the number of diagnosed COPD patients in GOLD stage II and III suffering from a muscle wasting condition, with a body mass index of under 25, was approximately 3.1 million in those markets.

Clinical development plan

Tesamorelin's anabolic properties have led us to pursue its development for muscle wasting in COPD patients as our second indication. This clinical development program will be conducted in stable ambulatory COPD patients, GOLD stage II and III, with muscle wasting experiencing decreased functionality in daily activities. It will include three studies:

- One Phase 2 study: This study will be a randomized, placebo controlled study in approximately 200 COPD patients with muscle wasting. Patients will be randomized to receive either one of two different dosages of tesamorelin or placebo each day for six months. We intend to randomize our first patient in this Phase 2 clinical study in the second half of 2011. The Phase 2 study will evaluate the safety and efficacy of using tesamorelin in COPD patients, GOLD stage II and III, with muscle wasting. The primary endpoint will be an increase in lean body mass. Other efficacy endpoints will be measured, such as a six minute walking distance test, exercise endurance time, and quality of life (daily activities). Safety assessments will include monitoring of adverse events and laboratory evaluations.
- Two Phase 3 studies: If the Phase 2 study is successful, we anticipate there will be two 12-month Phase 3 studies (one pivotal and one confirmatory) to be conducted in parallel. We expect a total of approximately 1,200 patients will be included in this program.

We currently believe that the clinical trials will last approximately four years and that the program will cost between approximately $55 and $65 million. A significant portion of the costs will be borne by our commercial partners if they elect to exercise their option to commercialize under their respective agreements.

Other Product Candidates

Novel Growth Hormone-Releasing Factor Analogues

We are working on several novel analogues of GRF that have improved chemical stability compared to tesamorelin. To date, we have synthesized over 80 different compounds. We believe that GRF compounds have the potential to improve patient outcome in many high-value indications. We also believe we can improve the route of administration of GRF peptides to make them quicker and easier to use for patients.

Compounds for Acute Kidney Injury

AKI is the acute deterioration of kidney function leading to increased urea waste products and electrolyte imbalance in blood. AKI is common among hospitalized patients and complicates the management of patients in intensive care units. According to a 2008 medical publication, AKI affected 3% to 7% of patients admitted to hospital and approximately 25% to 30% of patients in the intensive care unit within days of major surgery. The incidence of AKI was approximately 600,000 to 900,000 patients in the United States per year. Despite hospitalization and renal replacement, the mortality rate is 50% to 60% for dialyzed patients. We believe that hemodialysis is the only approved treatment for post-surgical AKI.

We have identified AKI as a potential clinical program for internal development. We have developed novel peptides specifically tailored for the prevention or treatment of AKI. One of these peptides, TH0673, is a peptide that is currently in preclinical development. We have tested TH0673 in animal models of AKI and have found that it increases creatinine clearance, improves excretion of nitrogenous waste compounds and limits kidney damage. We expect to have additional preclinical results in AKI in the first half of 2011.

Other Discovery Activities — Melanotransferrin Peptides (Anti-cancer compounds)

In November 2010, we entered into a discovery and collaboration agreement with the UQAM, Gestion Valeo and Transfert Plus in connection with research led by Dr. Richard Béliveau seeking to discover short peptide mimics of melanotransferrin for the development of a new cancer treatment.

Melanotransferrin is related to the transferrin family of proteins and is expressed normally in melanocytes, but also in several cancer cells. Dr. Béliveau's research has demonstrated that soluble melanotransferrin reduces cell migration, invasion and angiogenesis, which are hallmarks of tumorigenesis and metastasis. We have identified small peptides from the melanotransferrin protein which could replicate the functions of the full length protein. Currently, we are optimizing the peptides for better pharmaceutical properties so that the optimized peptides can be tested in animal models of cancer and tumor angiogenesis.

2.6 INTELLECTUAL PROPERTY

Our Current Patent Portfolio

Our current patent portfolio is comprised of patents and patent applications for the following compounds:

Tesamorelin

- In the United States, we own a patent covering the composition of matter (tesamorelin), which is scheduled to expire in 2015. We have applied for a patent term extension requesting an extension of five years to this patent term. If our request for patent term extension for the entire five year term is granted, the patent protection for tesamorelin in the United States would be extended until 2020. In addition, we own an issued United States patent relating to the use of tesamorelin in the treatment of HIV-associated lipodystrophy, which is scheduled to expire in 2023. Because tesamorelin qualifies as a new chemical entity, we benefit from data protection for a five year period for *EGRIFTA*® ending November 2015. See "Regulatory Exclusivity".
- In Europe, tesamorelin is covered by granted patents scheduled to expire in 2016. In the event of receipt of marketing approval from the European Medicines Agency, or EMA, we intend to apply for supplementary protection certificates, or SPCs, in certain countries which, if granted, could extend the patents covering tesamorelin in the countries where SPCs are approved until 2021. We have also filed two patent applications relating to the use of tesamorelin in the treatment of HIV-associated lipodystrophy where, if such patents were granted, they would be scheduled to expire in 2023 and 2025, respectively. As discussed below, the first time a new product is approved in Europe, the regulation provides for a 10 year exclusivity period. Assuming approval in 2012, we would benefit from protection until 2022. See "Regulatory Exclusivity".
- We have obtained a patent covering the composition of matter (tesamorelin) in Brazil that expires in 2019.
- We have filed patent applications for the therapeutic indication of muscle wasting in COPD in several countries, including the United States, where, if such patents were granted, they would be scheduled to expire in 2024, with the exception of a recently-granted patent in the United States which benefits from a patent term adjustment extending its term to 2027.

- We have filed United States and international patent applications, for the new formulation of tesamorelin where, if such patents were granted, they would be scheduled to expire in 2028.
- We have filed United States and international Patent Cooperation Treaty applications, relating to combination therapies of tesamorelin with certain drugs indicated for the treatment of HIV which, if patents issued from these applications were granted, would be scheduled to expire in 2030.

Novel GRF Peptides

- We have recently filed a United States provisional patent application relating to new GRF analogues. Patents claiming priority to this application may be pursued and, if such patents were granted, they would be scheduled to expire in 2032.

AKI

- We have filed patent applications in several countries, including the United States, relating to our peptide TH0673 and related peptides, and their use in the treatment of AKI, where, if such patents were granted, they would be scheduled to expire in 2028.

Our Trademarks & Other Intellectual Property

EGRIFTA® is the trademark used for tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. Trademark registration in the United States necessitates a prior commercial use in the territory in order to be granted. We are in the process of filing the declaration of use to obtain trademark registration.

We have obtained registration for *EGRIFTA*® in Europe, Japan, Australia, Norway, Switzerland, Mexico and Lebanon and have filed trademark applications for this trademark in other countries. The use of the trademark in each jurisdiction generally requires the approval of the regulatory authorities in such jurisdictions.

Other trademarks related to tesamorelin have been filed as part of our business strategy. We have also reserved certain domain names in order to support future activities.

Our Policy on Intellectual Property

Our intellectual property practice is to keep all information relating to proprietary compounds, inventions, improvements, trade secrets, know-how and continuing technological innovation confidential and, where practicable, file patent and trademark applications. In particular, as part of our intellectual property protection practice, we:

- perform surveillance of third party patents and patent applications in order to identify any third party patent or third party patent application which, if granted, could be infringed by our activities;
- where practicable, file patent applications for any new and patentable invention, development or improvement in the United States and in other countries;
- prosecute all pending patent applications in conformity with applicable patent laws and in a manner that efficiently covers our activities;
- file trademark applications in countries of interest for our trademarks;

- register domain names in countries of interest; and
- maintain our intellectual property rights by paying government fees as may be necessary to ensure such rights remain in force.

Regulatory Exclusivity

The regulatory regimes of the United States and Europe may provide market exclusivity for a pharmaceutical product. Data protection and patent term extension provide a patent holder with additional protection against third parties who may wish to commercialize a product similar to an approved product.

Data Protection

In the United States, the *Drug Price Competition and Patent Term Restoration Act of 1984* , also known as the *Hatch-Waxman Act*, awards, in certain circumstances, non-patent marketing exclusivities to pioneer drug manufacturers. The *Hatch-Waxman Act* provides five years of non-patent marketing exclusivity within the United States to an applicant who gains approval of a New Drug Application, or NDA, for a "new chemical entity," a drug for which the FDA has not previously approved any other new drug with the same active moiety, which is the molecule or ion responsible for the action of the drug. This marketing exclusivity prevents the FDA from approving, in certain circumstances, any abbreviated new drug application for a generic drug or any 505(b)(2) NDA. See "Government Regulation — United States — FDA Process" below.

In Europe, when a product based on a new compound is approved, the EMA grants a 10 year exclusivity period beginning on the date of such approval. When the same compound is approved for a second indication within the first eight years of this 10 year period, the exclusivity period is extended by one year, providing a total exclusivity period of 11 years for the compound.

Patent Term Extension

In the United States, the *Hatch-Waxman Act* permits patent term extension for one patent per approved drug of up to five years for patent term lost during product development and the FDA regulatory review process. However, patent term extension cannot extend the remaining patent term beyond a total of 14 years from the product's approval date. The patent term extension period is generally one-half the time between the effective date of an Investigational New Drug Application, or IND, and the submission date of an NDA plus the time between the submission date of an NDA and the NDA. We have applied for a patent term extension with respect to tesamorelin.

In the European Union, SPCs for medicinal products are governed by *Regulation 469/2009* with effect from May 2009. An SPC has the effect of extending the term of a patent relating to protection of a particular medicinal product by compensating the patentee for some lost patent protection caused by the length of time taken to obtain marketing authorisation for the product in question. An SPC is a national right, available in member states of the European Union by application to the national patent office of each state for which a certificate is desired. The SPC must be based on a patent but since an SPC is only granted in respect of a very specific active ingredient in a product, it is generally of rather more limited scope than the patent on which it is based. Typically, the term of the SPC is equal to the period which has elapsed between filing of the patent application and grant of the first European Union marketing authorisation less five years. The term of the SPC may not, generally, exceed five years. However, some European Union legislation regarding pediatric medicines provides for a six-month extension of the basic SPC term in certain circumstances. The SPC takes effect on expiry of the basic patent. In each country for which SPC protection is sought, a separate SPC application must

be filed within six months of the grant of the first marketing authorisation in that country for the active ingredient(s) in question.

2.7 MANUFACTURING

We do not own or operate commercial scale manufacturing facilities for the production of our product or any of our product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently depend on third-party contract manufacturers for all of our required raw materials, drug substance and finished product for clinical trials and commercial sale.

We are responsible for the manufacture and supply of tesamorelin to ensure the commercialization of *EGRIFTA*® under our agreements with EMD Serono, Sanofi and Ferrer. As part of our agreement with EMD Serono, we are required to maintain certain levels of inventory. In order to fulfill these contractual obligations, we have negotiated and entered into various third-party supply agreements.

Bachem

We have an agreement with Bachem Inc., an American subsidiary of Swiss-based Bachem AG, providing for the manufacturing and supply of the active pharmaceutical ingredient of tesamorelin for clinical programs and *EGRIFTA*® for commercial sale in the United States.

Draxis

We have an agreement with Draxis Pharma, a division of Draxis Specialty Pharmaceuticals, Inc., or Draxis, providing for the manufacture and supply of the finished form of tesamorelin for clinical programs and *EGRIFTA*® for commercial sale. Under our agreement, Draxis must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations in accordance with our instructions.

We have identified and initiated discussions with possible secondary suppliers of these products. We believe that there are alternate sources of supply for these products that will be able to satisfy our needs and will be able to receive FDA qualification. We expect our new presentation as well as our new formulation of tesamorelin will significantly increase our production capacity for *EGRIFTA*® due to the smaller quantity of vials, shorter manufacturing process times and increased batch sizes.

We have also entered into the following manufacturing agreements as a result of our undertakings under the distribution and licensing agreement with EMD Serono wherein we agreed to supply the injection tool kits for *EGRIFTA*® namely:

Becton Dickinson

On November 6, 2009, we entered into a supply agreement with Becton Dickinson Canada Inc., or Becton Dickinson. Under this agreement, Becton Dickinson is responsible for supplying us with syringes and hypodermic needles which are provided with *EGRIFTA*® in the United States.

Hospira

On March 26, 2009, we entered into a development and supply agreement with Hospira Worldwide, Inc., or Hospira. Under this agreement, Hospira is responsible for manufacturing and supplying us with sterile water for injection, filled and finished in plastic vials, in connection with the sale of *EGRIFTA*® in the United States.

ABAR

On January 5, 2010, we entered into a supply agreement with Gruppo Cartotecnico ABAR Litofarma S.R.L., or ABAR, an Italian company, in order to ensure the commercial supply of pharmaceutical mass market folding boxes for the sale of *EGRIFTA*® in the United States.

2.8 COMPETITION

The pharmaceutical industry is characterized by intense competition and rapid innovation. Our potential competitors include large pharmaceutical and biotechnology companies, specialty pharmaceutical and generic drug companies, academic institutions, government agencies and research institutions, many of whom have greater financial, technical and human resources than us. We believe the key competitive factors that will affect the development and commercial success of *EGRIFTA*® and our product candidates are efficacy, safety and tolerability profile, reliability, product acceptance by physicians and other healthcare providers, convenience of dosing, price and reimbursement. Also, the development of new treatment methods for the indications we are targeting could render our drugs non-competitive or obsolete. We are not aware of other GRF products being commercialized or in development for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy although we may face indirect competition for *EGRIFTA*® from other drugs that may be prescribed by physicians. The use of these other drugs for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy has not been approved by the FDA nor any other regulatory authority.

We believe that competition in the area of muscle wasting in COPD patients is limited. We are aware of one other compound which has completed a Phase 1 clinical study in COPD muscle wasting (GOLD stage I and II). We may face indirect competition from other drugs such as anabolic steroids, testosterone and growth hormone that may be prescribed by physicians. However, these drugs have not been approved by the FDA for muscle wasting in COPD.

2.9 GOVERNMENT REGULATION

Overview

The research, development, manufacture and marketing of pharmaceutical products are governed by various governmental authorities throughout the world to ensure efficacy and safety.

Governmental authorities in the United States at the federal, state and local level, and other countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing, export and import of products, such as *EGRIFTA*® and other product candidates that we are developing. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable United States or foreign requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial sanctions. Sanctions could include refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

On November 10, 2010, the FDA approved *EGRIFTA*® as the first approved treatment for excess abdominal fat in HIV-infected patients with lipodystrophy. Our other product candidates must receive regulatory approval from the FDA or other relevant foreign regulatory authorities before they may legally be marketed in the United States or other countries.

In Canada, these activities are governed by the provisions of the *Food and Drugs Act* and its regulations, which is enforced by the Therapeutic Products Directorate of the Health Products and Food Branch of Health Canada. We have not yet applied to market *EGRIFTA*® in Canada.

United States — FDA Process

Before new pharmaceutical products may be sold in the United States, clinical trials of the product candidates must be conducted and the results submitted to the FDA for approval. The drug approval process requires, among other things, a demonstration of product safety and efficacy. Generally, a demonstration of safety and efficacy includes preclinical testing and clinical trials of product candidates. The testing, manufacture and marketing of pharmaceutical products in the United States requires the approval of the FDA. The FDA enforces laws and regulations which apply to preclinical testing, clinical trials, and manufacture of these products. The drug approval process in the United States is described in brief below.

Pre-Clinical Testing: Before testing of any compounds with potential therapeutic value in human subjects may begin in the United States, stringent government requirements for pre-clinical data must be satisfied. Pre-clinical testing includes laboratory evaluations of product pharmacology and toxicity in animal studies of the drug candidates. In parallel, the chemistry of the drug candidates must be elucidated and their manufacturing, including formulation and stability, clearly defined and controlled.

Investigational New Drug Application: Among other things, pre-clinical testing results obtained from animal studies and in vitro studies, are submitted to the FDA as part of an IND application and are reviewed by the FDA prior to the commencement of human clinical trials. An IND sponsor must also include a protocol detailing, among other things, the objectives of the initial clinical trial, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated if the initial clinical trial lends itself to an efficacy evaluation. Some preclinical testing may continue even after the IND is submitted. Unless the FDA objects to an IND (referred to as a clinical hold), the IND becomes effective 30 days following its receipt by the FDA. Once trials have commenced, the FDA may stop the trials at any time by placing them on “clinical hold” because of safety concerns or noncompliance. If the FDA issues a clinical hold, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical study can begin. Accordingly, we cannot be sure that submission of a IND will result in the FDA allowing clinical trials to begin or that, once began, issues will not arise that suspend or terminate such trials.

Clinical Trials: Clinical trials involve the administration of the drug to healthy human volunteers or to patients under the supervision of a qualified investigator pursuant to an FDA-approved protocol. Each clinical trial must be conducted under the auspices of an Institutional Review Board, or IRB, that considers, among other things, ethical factors, the safety of human subjects and approves the patient informed consent, which must be agreed to by all participants prior to participation in the clinical trial. Once an IND is in effect, each new clinical protocol and any amendments to the protocol must be submitted to the FDA for review, and to the IRBs for approval. Protocols detail, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety. Human clinical trials are typically conducted in three sequential phases, although the phases may overlap with one another.

All phases of clinical trials must be conducted in conformance with Good Clinical Practices, or GCP, which are ethical and scientific quality standards for conducting, recording, and reporting clinical trials to assure that the rights, safety, and well-being of trial participants are protected, and the FDA’s regulations for the protection of human subjects.

Phase 1 Clinical Trials: Phase 1 clinical trials represent the initial administration of the investigational drug to a small group of healthy human subjects or, more rarely, to a group of select patients with the

targeted disease or disorder. The goal of Phase 1 clinical trials is typically to test for safety, dose tolerance, absorption, bio-distribution, metabolism, excretion and clinical pharmacology and, if possible, to gain early evidence regarding efficacy.

Phase 2 Clinical Trials: Phase 2 clinical trials involve a small sample of the actual intended patient population and seek to assess the efficacy of the drug for specific targeted indications, to determine dose response and the optimal dose range and to gather additional information relating to safety and potential adverse effects.

Phase 3 Clinical Trials: Once an investigational drug is found to have some efficacy and an acceptable safety profile in the targeted patient population, Phase 3 clinical trials are initiated to establish further clinical safety and efficacy of the investigational drug in a broader sample of the patient population with the target disease or disorder at geographically dispersed study sites in order to determine the overall risk-benefit ratio of the drug and to provide an adequate basis for regulatory approval and product labeling.

New Drug Application: All data obtained from a comprehensive development program including research and product development, manufacturing, pre-clinical and clinical trials and related information are submitted in an NDA to the FDA. In addition to reports of the trials conducted under the IND, the NDA includes information pertaining to the preparation of the new drug, chemistry manufacturing and controls, or CMC, analytical methods, details of the manufacture of finished products and proposed product packaging and labeling. The submission of an application is no guarantee that the FDA will find the application complete and accept it for filing. The FDA may refuse to file the application and request additional information rather than accept the application for filing, in which case, the application must be resubmitted with the supplemental information. The re-submitted application is also subject to review before the FDA accepts it for filing. Once an application is accepted for filing, an FDA review team — medical doctors, chemists, statisticians, microbiologists, pharmacologists, and other experts — evaluates whether the studies the sponsor submitted show that the drug is safe and effective for its proposed use and whether the applicant's manufacturing complies with Good Manufacturing Practices, or GMP, to assure and preserve the product's identity, strength, quality and purity. As part of the approval process, the FDA will inspect the facility or facilities where the product is manufactured. The FDA review process may be extended by FDA requests for additional information or clarification. In some cases, the FDA may decide to expedite the review of new drugs that are intended to treat serious or life threatening conditions and demonstrate the potential to address unmet medical needs.

As part of its review, the FDA may refer the application to an advisory committee for evaluation and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations.

Under legislation enacted in 2007, the FDA may determine that a risk evaluation and mitigation strategy, or REMS, is necessary to ensure that the benefits of a new product outweigh its risks. If required, a REMS may include various elements, such as publication of a medication guide, patient package insert, a communication plan to educate healthcare providers of the drug's risks, limitations on who may prescribe or dispense the drug, or other measures that the FDA deems necessary to assure the safe use of the drug.

In reviewing an NDA, the FDA may grant marketing approval, request additional information or deny the application if it determines the application does not provide an adequate basis for approval. The FDA may require larger or additional clinical trials, leading to unanticipated delay or expense. Even if such additional information and data are submitted, the FDA may ultimately decide that the NDA does not satisfy the criteria for approval. Data from clinical trials may be subject to different interpretation, and the FDA may interpret data differently than the applicant. The receipt of regulatory approval often

takes a number of years, involving the expenditure of substantial resources and depends on a number of factors, including the severity of the disease in question, the availability of alternative treatments and the risks and benefits demonstrated in clinical trials. The FDA may require, as a condition of approval, restricted distribution and use, enhanced labeling, special packaging or labeling, expedited reporting of certain adverse events, pre-approval of promotional materials, or restrictions on direct-to-consumer advertising or commitments to conduct additional research post-approval. The FDA will issue a complete response letter if the agency decides not to approve the NDA in its present form. The complete response letter usually describes all of the specific deficiencies in the NDA identified by the FDA. The deficiencies may be minor, for example, requiring labeling changes, or major, for example, requiring additional clinical studies. If a complete response letter is issued, the applicant may either resubmit the NDA, addressing all of the deficiencies identified in the letter, or withdraw the application. In addition, changes in FDA approval policies or requirements may occur, or new regulations may be promulgated, which may result in delay or failure to receive FDA approval.

Changes to an approved product, such as adding a new indication, making certain manufacturing changes, or changing manufacturers or suppliers of certain ingredients or components requires review and approval of the FDA.

Under the *Hatch-Waxman Act*, the U.S. Congress created an abbreviated FDA review process for generic versions of pioneer (brand name) drug products. The *Hatch-Waxman Act* requires NDA applicants and NDA holders to provide certain information about patents related to the drug for listing in the FDA's publication, "Approved Drug Products with Therapeutic Equivalence Evaluations", commonly known as the Orange Book. The *Hatch-Waxman Act* allows for, under certain circumstances, an abbreviated NDA, or ANDA, where an applicant seeks to determine that its proposed product is biologically equivalent to the reference drug. ANDA applicants do not have to conduct extensive clinical trials to prove the safety or efficacy of the drug product; rather, they are required to conduct less rigorous bioequivalence testing. Drugs approved in this way are commonly referred to as "generic equivalents" to the listed drug, are listed as such by the FDA, and can often be substituted by pharmacists under prescriptions written for the original listed drug. In addition, in certain cases, an application for marketing approval may include information regarding safety and efficacy of a proposed drug that comes from studies not conducted by or for the applicant and for which the applicant has not obtained a specific right to reference those studies. Such applications, known as a 505(b)(2) NDA, are permitted for new drug products that incorporate previously approved active ingredients, even if the proposed new drug incorporates an approved active ingredient in a novel formulation or for a new indication. Section 505(b)(2) also permits the FDA to rely for such approvals on literature or on a finding by the FDA of safety and/or efficacy for a previously approved drug product. In addition, a 505(b)(2) NDA for changes to a previously approved drug product may rely on the FDA's finding of safety and efficacy of the previously approved product coupled with new clinical information needed by FDA to support the change. FDA approval of the NDA or ANDA is required before marketing of the product may begin in the United States.

The *Pediatric Research Equity Act* , or PREA, requires NDAs (or NDA supplements) for a new active ingredient, new indication, new dosage form, new dosing regimen, or new route of administration to contain data assessing the safety and efficacy for the claimed indication in all relevant pediatric subpopulations. Data to support dosing and administration also must be provided for each pediatric subpopulation for which the drug is safe and effective. FDA may grant deferrals for the submission of data, or full or partial waivers from the PREA requirements. Unless otherwise required by regulation, PREA does not apply to any drug for an indication for which orphan designation, as described below, has been granted.

If a product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages or the indications for use may otherwise be limited, which could restrict the commercial value of the product. Further, the FDA may require that certain contraindications, warnings or

precautions be included in the product labeling. In addition, the FDA may require Phase 4 testing which involves clinical trials designed to further assess a drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Post-Approval Studies and Registries: Post-approval studies, also referred to as Phase 4 clinical trials are studies that are conducted after a product has been approved. These trials can be conducted for a number of purposes, including to collect long-term safety information or to collect additional data about a specific population. As part of a product approval, the FDA may require that certain Phase 4 studies be conducted post-approval, and in these cases these Phase 4 studies are called post-marketing commitments.

Adverse Event Reporting: Regulatory authorities track information on side effects and adverse events reported during clinical studies and after marketing approval. Non-compliance with FDA safety reporting requirements may result in FDA regulatory action that may include civil action or criminal penalties. Side effects or adverse events that are reported during clinical trials can delay, impede or prevent marketing approval. Similarly, adverse events that are reported after marketing approval can result in additional limitations being placed on the product's use and, potentially, withdrawal or suspension of the product from the market. Furthermore, in September 2007 the *Food and Drug Administration Amendments Act of 2007* was enacted, which provides the FDA with expanded authority over drug products after approval. This legislation enhances the FDA's authority with respect to post-marketing safety surveillance including, among other things, the authority to require additional post-approval studies or clinical trials and mandate label changes as a result of safety findings, including the development and implementation of a REMS.

Orphan Drug Designation

Under the *Orphan Drug Act*, the FDA may grant orphan designation to a drug intended to treat a "rare disease or condition," which is a disease or condition that affects fewer than 200,000 individuals in the United States, or more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making a drug available in the United States for this type of disease or condition will be recovered from sales in the United States of the drug. Orphan product designation must be requested before submitting an NDA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan product designation does not convey any advantage in, or shorten the duration of the regulatory review and approval process.

If a drug that has orphan designation subsequently receives the first FDA approval for the disease or condition for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications to market the same drug for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity. Competitors, however, may receive approval of different drugs for the indication for which the orphan product has exclusivity or may obtain approval for the same drug but for a different indication for which the orphan product has exclusivity. Orphan product exclusivity also could block the approval of one of our product candidates for seven years if a competitor obtains approval of the same drug or if our product candidate is determined to be contained within the competitor's product for the same indication or disease. If a drug designated as an orphan drug receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan product exclusivity. Orphan drug status in the European Union has similar but not identical benefits in the European Union.

Expedited Development and Review Programs

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs that meet certain criteria. Specifically, new drugs are eligible for fast track designation if they are intended to treat a serious or life-threatening condition and demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to the combination of the product and the specific indication for which it is being studied. Unique to a fast track product, the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

Any product submitted to the FDA for market, including a fast track program, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. Additionally, a product may be eligible for accelerated approval. Drug products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may receive accelerated approval, which means that they may be approved on the basis of adequate and well-controlled clinical studies establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit, or on the basis of an effect on a clinical endpoint other than survival or irreversible morbidity. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical studies. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product. Fast track designation, priority review and accelerated approval do not change the standards for approval but may expedite the development or approval process.

Non-U.S. Regulation

In addition to regulations in the United States, we will be subject to a variety of regulations governing clinical studies and commercial sales and distribution of our products in other jurisdictions around the world. Whether or not we obtain FDA approval for a product, we must obtain approvals from the comparable regulatory authorities of foreign countries before we can commence clinical studies or marketing of the product in those countries. The approval process varies from country to country and the time may be longer or shorter than that required for FDA approval. The requirements governing the conduct of clinical studies, product licensing, pricing and reimbursement vary greatly from country to country. In some international markets, additional clinical trials may be required prior to the filing or approval of marketing applications within the country.

In the European Union, medicinal products must be authorized either through the decentralized procedure by the competent authorities of the European Union Member States, or through the centralized procedure by the European Commission following an opinion by the EMA. The centralized procedure provides for the grant of a single marketing authorization that is valid for all European Union member states. The centralized procedure is compulsory for medicines produced by certain biotechnological processes, products with a new active substance indicated for the treatment of certain diseases such as neurodegenerative disorder or diabetes and products designated as orphan medicinal products, and optional for those products which are highly innovative or for which a centralized process is in the interest of patients. The decentralized approval procedure provides for approval by one or more “concerned” member states based on an assessment of an application

performed by one member state, known as the reference member state. Under the decentralized approval procedure, an applicant submits an application, or dossier, and related materials (draft summary of product characteristics, draft labeling and package leaflet) to the reference member state and concerned member states. The reference member state prepares a draft assessment and drafts of the related materials within 120 days after receipt of a valid application. Within 90 days of receiving the reference member state's assessment report, each concerned member state must decide whether to approve the assessment report and related materials. If a member state objects to approval of the assessment report and related materials on the grounds of potential serious risk to public health, the disputed points may eventually be referred to the European Commission, whose decision is binding on all member states. In many European Union countries, pricing and reimbursement negotiations must also take place before the product is sold in their national market between the company marketing the product and the competent national authorities.

In order to obtain approval for commercializing new drugs in Canada, we must satisfy many regulatory conditions. We must complete preclinical studies in order to file a Clinical Trial Application, or CTA, in Canada. We then receive different clearance authorizations to proceed with Phase 1 clinical trials, which can then lead to Phase 2 and Phase 3 clinical trials. Once all three phases of trials are completed, we file a registration file named a New Drug Submission, or NDS, in Canada. If the NDS demonstrates that the product was developed in accordance with the regulatory authorities' rules, regulations and guidelines and demonstrates favourable safety, efficacy and receives a risk/benefit analysis, then the regulatory authorities issue a notice of compliance, which allows us to market the product.

Good Manufacturing Practices

The FDA, the EMA, the competent authorities of the European Union Member States and other foreign regulatory agencies regulate and inspect equipment, facilities, and processes used in the manufacturing of pharmaceutical and biologic products prior to approving a product. Among the conditions for NDA or equivalent foreign approval is the requirement that the prospective manufacturer's quality control and manufacturing procedures adhere to the FDA's or other competent authorities' current GMP. Before approval of an NDA or equivalent foreign approval, the FDA or other competent authority may perform a pre-approval inspection of a manufacturing facility to determine its compliance with GMP and other rules and regulations. In complying with GMP, manufacturers must continue to expend time, money and effort in the area of production and quality control to ensure full technical compliance. Similarly, NDA or equivalent foreign approval may be delayed or denied due to GMP non-compliance or other issues at contract sites or suppliers included in the NDA or equivalent foreign approval, and the correction of these shortcomings may be beyond our control. Facilities are also subjected to the requirements of other government bodies, such as the U.S. Occupational Safety & Health Administration and the U.S. Environmental Protection Agency.

If, after receiving clearance from regulatory agencies or competent authorities, a company makes certain changes in manufacturing equipment, location, or process, additional regulatory review and approval may be required. Our third-party suppliers must adhere to GMP and product-specific regulations enforced by the FDA or other competent authorities following product approval. The FDA, the European Union and other national competent authorities and regulatory agencies also conduct regular, periodic visits to re-inspect equipment, facilities and processes following the initial approval of a product. If, as a result of these inspections, it is determined that our suppliers' equipment, facilities or processes do not comply with applicable regulations and conditions of product approval, regulatory agencies may seek civil, criminal or administrative sanctions and/or remedies against them, including the suspension of manufacturing operations.

Good Clinical Practices

The FDA, the EMA and other competent authorities promulgate regulations and standards, commonly referred to as GCP, for designing, conducting, monitoring, auditing and reporting the results of clinical trials to ensure that the data and results are accurate and that the trial participants are adequately protected. The FDA, the European Union and other foreign national competent authorities and regulatory agencies enforce GCP through periodic inspections of trial sponsors, principal investigators and trial sites. We rely on third-party service providers to conduct our clinical trials. If our study sites fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and relevant regulatory agencies may require us to perform additional clinical trials before approving our marketing applications.

Good Laboratory Practices

The FDA and other regulatory authorities promulgate regulations and standards, commonly referred to as Good Laboratory Practices, or GLP, for the conduct of non-clinical, commonly referred to as "preclinical," non-human studies to provide a framework within which laboratory studies are planned, performed, monitored, recorded, reported and archived. Compliance with GLP is intended to assure regulatory authorities of the quality and integrity of the results obtained during the preclinical studies. Before we may test our product candidates on humans in clinical trials, we must first conduct preclinical testing, including animal studies, in accordance with GLP. The FDA or other regulatory authorities may inspect the testing facilities where our pre-clinical studies are conducted. The results of preclinical studies in the United States, Europe or other countries, not conducted in accordance with GLP, might be inadmissible in support of an NDA in the United States, or comparable applications in other countries.

United States Sales and Marketing

Our commercial partner, EMD Serono, will be subject to various United States regulations relating to the sales and marketing of *EGRIFTA*® in the United States. The FDA regulates all advertising and promotion activities for products under its jurisdiction both prior to and after approval. A company can make only those claims relating to safety and efficacy that are approved by the FDA. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA actively enforces the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant sanctions. The FDA does not regulate the practice of medicine by physicians in their choice of treatment, but FDA regulations do impose stringent restrictions on manufacturers' communications regarding off-label uses. Failure to comply with applicable FDA requirements may subject a company to adverse publicity, enforcement action by the FDA, corrective advertising, and the full range of civil and criminal penalties available to the FDA.

Marketing of *EGRIFTA*® within the United States is also subject to various federal and state laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a prescription drug manufacturer to solicit, offer, receive, or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug. Due to the breadth of the statutory provisions and the absence of guidance in the form of regulations and very few court decisions addressing industry practices, it is possible that our commercial partners' practices might be challenged under anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third-party payors (including Medicare and Medicaid) claims for reimbursed drugs or services that are false or fraudulent.

In addition, several states require that companies implement compliance programs or comply with industry ethics codes, adopt spending limits, and report to state governments any gifts, compensation, and other remuneration provided to physicians. The recently enacted health care reform legislation will require record-keeping and disclosure to the federal government of payments to physicians commencing in 2012. Any activities relating to the sale and marketing of our products may be subject to scrutiny under these laws. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including fines and civil monetary penalties, as well as the possibility of exclusion from federal health care programs (including Medicare and Medicaid). If the government were to allege or convict our commercial partner of violating these laws, our business could be harmed. In addition, there is ability for private individuals to bring similar actions.

Further, there are an increasing number of state laws that require manufacturers to make reports to states on pricing and marketing information. Our activities could be subject to challenge for the reasons discussed above and due to the broad scope of these laws and the increasing attention being given to them by law enforcement authorities.

2.10 PHARMACEUTICAL PRICING AND REIMBURSEMENT

In the United States and in other countries, sales of *EGRIFTA®* and our other product candidates will depend in part on the availability of reimbursement from third-party payors. Third-party payors include government health administrative authorities (such as the Centers for Medicare & Medicaid Services in the United States), managed care providers, private health insurers and other organizations. We believe *EGRIFTA®* will achieve a high degree of physician and payor acceptance, driven by our product's safety and efficacy, the lack of approved alternative therapies for these patients and the prominent medical and social need to treat HIV/AIDS patients.

However, these third-party payors are increasingly challenging the price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare product candidates. We, or our commercial partners, may need to conduct expensive pharmacoeconomic studies in order to demonstrate the cost-effectiveness of *EGRIFTA®* or our other product candidates. *EGRIFTA®* or our other product candidates may not be considered cost-effective. It is time consuming and expensive for us, and our commercial partners, to seek reimbursement from third-party payors. Reimbursement may not be available or sufficient to allow us to sell *EGRIFTA®* or our other product candidates on a competitive and profitable basis.

United States

Pursuant to our agreement with EMD Serono, they are responsible for identifying and obtaining possible reimbursements under such government programs in the United States. The U.S. Congress and state legislatures from time to time propose and adopt initiatives aimed at cost containment, which could impact our ability to sell our products profitably. For example, in March 2010, President Obama signed into law the *Patient Protection and Affordable Care Act*, and the associated reconciliation bill, which we refer to collectively as the *Health Care Reform Law*, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the *Health Care Reform Law* revises the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states once the provision is effective. Further, beginning in 2011, the new law imposes a significant annual fee on companies that manufacture or import certain branded prescription drug products and biologic agents. Substantial new provisions affecting compliance also have been enacted, which may require us, or EMD Serono, to modify our business

practices with healthcare practitioners. We will not know the full effects of the *Health Care Reform Law* until applicable federal and state agencies issue regulations or guidance under the new law. Although it is too early to determine the effect of the *Health Care Reform Law*, the new law appears likely to continue the pressure on pharmaceutical pricing, especially under the Medicare program, and also may increase our regulatory burdens and operating costs.

The *Medicare Prescription Drug, Improvement, and Modernization Act of 2003* , or MMA, imposed new requirements for the distribution and pricing of prescription drugs for Medicare beneficiaries, and included a major expansion of the prescription drug benefit under a new Medicare Part D. Medicare Part D went into effect on January 1, 2006. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities which will provide coverage of outpatient prescription drugs. Part D plans include both stand-alone prescription drug benefit plans and prescription drug coverage as a supplement to Medicare Advantage plans. Unlike Medicare Part A and B, Part D coverage is not standardized. Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee.

It is not clear what effect the MMA will have on the prices paid for *EGRIFTA®* and our other product candidates. Some studies indicate that Part D lowered the average price and increased the utilization of prescription drugs by Medicare beneficiaries. Government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan will likely be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payors.

There are also laws that govern a company's eligibility to participate in Medicare and Medicaid reimbursements. For example, a company may be debarred from participation if it is found to have violated federal anti-kickback laws, which could have a significant effect on a company's ability to operate its business.

The cost of pharmaceuticals continues to generate substantial governmental and third-party payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations, and additional legislative proposals. Indeed, we expect that there will continue to be a number of U.S. federal and state proposals to implement governmental pricing controls and limit the growth of healthcare costs, including the cost of prescription drugs. At the present time, Medicare is prohibited from negotiating directly with pharmaceutical companies for drugs. However, the U.S. Congress is considering passing legislation that would lift the ban on federal negotiations. While we cannot predict whether such legislative or regulatory proposals will be adopted, the adoption of such proposals could harm our business, financial condition and results of operations.

Some third-party payors also require pre-approval of coverage for new or innovative drug therapies before they will reimburse healthcare providers that use such therapies. While we cannot predict whether any proposed cost-containment measures will be adopted or otherwise implemented in the future, the announcement or adoption of these proposals could have a material adverse effect on our ability to obtain adequate prices for our product candidates and operate profitably.

Europe and other countries covered by our agreements

Outside of the United States, sales of *EGRIFTA*® and our other product candidates will depend in part on the availability and level of reimbursement from third-party payers. Third-party payers can be public or private or a combination of both. In order to obtain public reimbursement, prescription drugs are often evaluated by specialized bodies in a country. This process is in many cases independent of marketing approval and the time to carry out the evaluation differs in each country, often extending beyond the initial regulatory approval date of the drug.

The requirements and aspects considered during the assessment of a new prescription drug are not necessarily the same in each country and are given different weight depending on the countries' attitudes towards providing public healthcare and the government's willingness to pay for these new drugs. We or our commercial partners could be required to conduct specific health economic and other studies or analyses in order to satisfy such requirements. The decision to comply with such requirements will depend on the prospects of obtaining a positive opinion and the costs involved in the process and the profitability of the market.

In many jurisdictions, pricing plays an important role in the evaluation of prescription drugs for reimbursement and in most cases, there are price controls that can include, but are not limited to, reference pricing to drugs sold within the country and in other countries, the evaluation of what a fair price would be based on the condition that is being treated and innovative quality of the new drug.

Many countries, particularly in Europe, have initiated cost-cutting measures which have been reflected in reduced budgets for drugs, higher discounts imposed on manufacturers and price negotiations between authorities and manufacturers among other actions. We expect the current reimbursement evaluation process and pricing policies to keep evolving in ways that we may not foresee.

In Latin America, Brazil has a formal price procedure through Agência Nacional de Vigilância Sanitoria (ANVISA) which determines the price of a pharmaceutical based on five reference countries, including the United States. However, there is uncertainty in pricing of pharmaceutical drugs in Latin America in general.

Pursuant to our agreements with Sanofi and Ferrer, each is responsible for identifying and obtaining possible reimbursements under such government programs in their respective territories.

2.11 EMPLOYEES

As at November 30, 2010, we had 99 employees, all of whom were employed in Canada. All of our employees are engaged in administration, finance, research and development, regulatory and business development functions. None of our employees are unionized. We believe the relations with our employees are good.

2.12 FACILITIES

We carry out our activities at 2310 Alfred-Nobel Boulevard in the Technoparc Montréal in Ville Saint-Laurent, Québec, Canada. We lease a 36,400 square-foot building, which houses both offices and laboratories which enable us to conduct small-scale peptide manufacturing, discovery and manage preclinical and clinical research.

The facilities contain laboratories which enable us to conduct small-scale peptide manufacturing, discovery and preclinical research. Peptide compounds are synthesized by our pharmaceutical development department using manual and semiautomatic methods with reactors of different sizes (from 50 to 8000 ml) and also a 12-channel automated peptide synthesizer. The peptides are purified using preparative high performance liquid chromatography, or HPLC, comprising either the Dynamic

Axial Compression column, or a number of pre-packed columns. The final peptides are dried to a solid form using lyophilization equipment. The analyses on the quality of the peptides are done using a variety of equipment including HPLC instruments Agilent 1100 and 1200, UV spectrophotometers and a water content analyzer.

We also have discovery and preclinical research laboratories which include two cell culture rooms and several chemical hoods. A 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. A designated laboratory section is equipped to conduct studies according to GLP.

2.13 ENVIRONMENT

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

ITEM 3 RISK FACTORS

Before you invest in our common shares, you should understand the high degree of risk involved. You should consider carefully the following risks and uncertainties described below before you decide to purchase our common shares. The following risks may adversely impact our business, financial condition, operating results and prospects. Additional risks and uncertainties, including those that we do not know about or that we currently believe are immaterial, may also adversely affect our business, financial condition, operating results or prospects. As a result, the trading price of our common shares could decline and you could lose all or part of your investment.

3.1 RISKS RELATED TO THE COMMERCIALIZATION OF OUR PRODUCT AND PRODUCT CANDIDATES

Our commercial success depends largely on the commercialization of EGRIFTA®; the failure of EGRIFTA® to obtain commercial acceptance would have a material adverse effect on us.

Our ability to generate revenues in the future is primarily based on the commercialization of *EGRIFTA®* for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the U.S. market alone. Although we have entered into a collaboration and licensing agreement with EMD Serono for the commercialization of *EGRIFTA®* in the United States, there can be no assurance that *EGRIFTA®* will be successfully commercialized in the United States, or in any other country. Although we are developing other peptides, all of them are at earlier stages of development and none of them may reach the clinical trial phase, obtain regulatory approval or, even if approved, be successfully commercialized.

The overall commercialization success of *EGRIFTA®* for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors, including:

- receipt of regulatory approvals for *EGRIFTA®* from regulatory agencies in the territories other than the United States in which we wish to expand the commercialization of tesamorelin;
- market acceptance of *EGRIFTA®* by the medical community, patients and third-party payors (such as governmental health administration authorities and private health coverage insurers);
- the amount of resources devoted by our commercial partners to commercialize *EGRIFTA®* in their respective territories;
- maintaining manufacturing and supply agreements to ensure the availability of commercial quantities of *EGRIFTA®* through validated processes;
- the number of competitors in our market; and
- protecting and enforcing our intellectual property and avoiding patent infringement claims.

The inability to successfully commercialize *EGRIFTA®* in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term would delay our capacity to generate revenues and would have a material adverse effect on our financial condition and operating results.

We are or will be dependent on a limited number of collaboration and licensing agreements for the commercialization of EGRIFTA ® in the United States, Europe, Latin America, Africa and the Middle East. These agreements place the commercialization of EGRIFTA® in these markets outside of our control.

Although our collaboration and licensing agreements with EMD Serono, Sanofi and Ferrer contain provisions governing their respective responsibilities as partners for the commercialization of *EGRIFTA*® in their respective territories, our dependence on these partners to commercialize *EGRIFTA*® is subject to a number of risks, including:

- our limited control of the amount and timing of resources that our commercial partners will be devoting to the commercialization, marketing and distribution of tesamorelin, including obtaining patient reimbursement for *EGRIFTA*®, which could adversely affect our ability to obtain or maximize our royalty payments;
- disputes or litigation that may arise between us and our commercial partners, which could adversely affect the commercialization of tesamorelin, all of which would divert our management's attention and our resources;
- our commercial partners not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights; and
- corporate reorganizations or changes in business strategies of our commercial partners, which could adversely affect a commercial partner's willingness or ability to fulfill its obligations under its respective agreement.

Our collaboration and licensing agreements may be terminated by our partners in the event of a breach by us of our obligations under such agreements, including our obligation to supply *EGRIFTA*®, for which we rely on third parties. Our collaboration and licensing agreement with EMD Serono can also be terminated by EMD Serono for their convenience on 180 days notice to us. Such a termination could have an adverse effect on our revenues related to the commercialization of *EGRIFTA*® in the United States. In addition, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the Hatch-Waxman Act with respect to *EGRIFTA*® in HIV-associated lipodystrophy. In the event of a termination of our agreement with EMD Serono, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA*® in the United States. Any such assertion would divert our management's attention and, if successful, could expose us to damages or require us to obtain a license from EMD Serono in order to continue selling *EGRIFTA*® in the United States, all of which could have a material adverse effect on our results of operations, cash flows and financial conditions.

If any one of our commercial partners terminates their agreement with us or fails to effectively commercialize *EGRIFTA*®, for any of the foregoing or other reasons, we may not be able to replace the commercial partner and any of these events would have a material adverse effect on our business, results of operations and our ability to achieve future profitability, and could cause our share price to decline.

We rely on third parties for the manufacture and supply of EGRIFTA ® and tesamorelin and such reliance may adversely affect us if the third parties are unable or unwilling to fulfill their obligations.

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We do not

own or operate manufacturing facilities for the production of tesamorelin or any of our other product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on third parties to manufacture and supply all of our required raw materials, drug substance and drug product for our preclinical research, clinical trials and commercial sales. For tesamorelin for clinical studies and *EGRIFTA*® for commercial sales, we are currently using, and relying on, single suppliers and single manufacturers for starting materials and the final drug substance. Although potential alternative suppliers and manufacturers have been identified, we have not qualified these vendors to date and no assurance can be given that such suppliers will be qualified in the future or receive necessary regulatory approval.

Our reliance on third-party manufacturers exposes us to a number of risks. We may be subject to delays in or suspension of the manufacturing of *EGRIFTA*® and tesamorelin if a third-party manufacturer:

- becomes unavailable to us for any reason, including as a result of the failure to comply with GMP regulations;
- experiences manufacturing problems or other operational failures, such as equipment failures or unplanned facility shutdowns required to comply with GMP or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis.

Any delay in or suspension of the supply of *EGRIFTA*® could delay or prevent the sale of *EGRIFTA*® and, accordingly, adversely affect our revenues and results of operations. In addition, any manufacturing delay or delay in delivering *EGRIFTA*® may result in our being in default under our collaboration agreements. If the damage to a supplier's manufacturer facility is extensive, or, for any reason, it does not operate in compliance with GMP or the third-party manufacturer is unable or refuses to perform its obligations under our agreement, we would need to find an alternative third-party manufacturer. The selection of a replacement third-party manufacturer would be time-consuming and costly since we would need to validate the manufacturing facility of such new third-party manufacturer. The validation process would include an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with GMP. In addition, the third-party manufacturer would have to familiarize itself with our technology. Any delay in finding an alternative third-party manufacturer of tesamorelin and *EGRIFTA*® could result in a shortage of such analogue or product, which could materially adversely affect our business and results of operations.

Any delay in or suspension of the supply of tesamorelin could delay or interrupt the conduct of clinical trials of our new clinical programs relating to muscle wasting in COPD.

Even though we have received regulatory approval for EGRIFTA ® in the United States, we still may not be able to successfully commercialize it if we do not gain market acceptance and the revenue that we generate from its sales, if any, may be limited.

The commercial success of *EGRIFTA*® or any future products for which we obtain marketing approval from the FDA or other regulatory authorities, will depend upon the acceptance of such product by the medical community, including physicians, patients and health care payors. The degree of market acceptance of any of our products will depend on a number of factors, including:

- acceptance of the product by physicians and patients as safe and effective treatments and addressing a significant unmet medical need;

- product price;
- the effectiveness of our sales and marketing efforts (or those of our commercial partners);
- storage requirements and ease of administration;
- dosing regimen;
- safety and efficacy;
- prevalence and severity of side effects;
- competitive products;
- the ability to obtain and maintain sufficient third-party coverage or reimbursement from government health care programs, including Medicare and Medicaid, private health insurers and other third-party payors; and
- the willingness and ability of patients to pay out-of-pocket in the absence of third-party coverage.

If *EGRIFTA®* does not achieve an adequate level of acceptance by physicians, health care payors and patients, we may not generate sufficient revenue from this product, and we may not be able to achieve profitability. Our efforts, and the efforts of our commercial partners, to educate the medical community and third-party payors on the benefits of tesamorelin may require significant resources and may never be successful.

We have no internal sales, marketing or distribution capabilities so we must rely on strategic alliance agreements with third parties for the sale and marketing of EGRIFTA® or any future products.

We currently have no internal sales, marketing or distribution capabilities and we rely on our commercial partners to market and sell *EGRIFTA®* in their respective territories. Our agreements with our commercial partners contain termination provisions which, if exercised, could delay or suspend the commercialization of *EGRIFTA®* or any future products.

In the event of any such termination, in order to continue commercialization, we would be required to build our own sales force or enter into agreements with third parties to provide such capabilities. We currently have limited marketing capabilities and we have limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience we have in this area. To the extent we develop a sales force, we could be competing against companies that have more experience in managing a sales force than we have and that have access to more funds than we with which to manage a sales force. Consequently, there can be no assurance that a sales force which we develop would be efficient and would maximize the revenues derived from the sale of *EGRIFTA®* or any future products.

We are substantially dependent on revenues from EGRIFTA®.

Our current and future revenues depend substantially upon sales of *EGRIFTA®* by our commercial partners, EMD Serono, Sanofi and Ferrer. Any negative developments relating to this product, such as safety or efficacy issues, the introduction or greater acceptance of competing products, including those marketed and sold by our commercial partners, or adverse regulatory or legislative developments, would have a material adverse effect on our business, prospects and results of

operations. Although we continue to develop additional product candidates for commercialization, we expect to be substantially dependent on sales from *EGRIFTA®* for the foreseeable future. A decline in sales from this product would have a material adverse affect on our business and financial condition.

Our levels of revenues are highly dependent on obtaining patient reimbursement for EGRIFTA ®.

Market acceptance and sales of *EGRIFTA®* will substantially depend on the availability of reimbursement from third party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products.

Under our agreements with our commercial partners, they are responsible for seeking reimbursement of *EGRIFTA®* in their respective territories and as a result we have no control over whether or what level of reimbursement is achieved.

We cannot be sure that reimbursement by insurers, government or other third parties will be available for *EGRIFTA®* and, if reimbursement is available, the level of reimbursement provided to patients. Reimbursement may impact the demand for, or the price of, *EGRIFTA®* and our future products for which we obtain marketing approval. If reimbursement is not available or is available only in limited amount, our commercial partners may not be able to successfully commercialize *EGRIFTA®* or our future products and it will have a material adverse effect on our revenues and royalties, business and prospects.

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Europe, Latin America, Africa, the Middle East and elsewhere subject us to additional risks, including:

- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights;
- potential third-party patent rights in foreign countries;
- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labour laws for employees traveling abroad;

- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labour unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks of international business relationships may materially adversely affect our business, prospects, results of operations and financial condition.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

In several countries, including countries which are in Europe, Latin America, Africa, and the Middle East, the pricing of prescription drugs may be subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time and delay the marketing of a product. To obtain reimbursement or pricing approval in some countries, a clinical trial that compares the cost-effectiveness of a product candidate to other available therapies may be required. If reimbursement of our product is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our commercial partners may not be willing to devote resources to market and commercialize *EGRIFTA®* or may decide to cease marketing such product. In such case, our business, prospects and results of operations could be materially adversely affected.

We face competition and the development of new products by other companies could materially adversely affect our business and products.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of products, most of which have substantially greater financial, technical and personnel resources than us. Although we believe that we have no direct competitors for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, we could face indirect competition from other companies developing and/or commercializing metabolic products and/or other products that reduce or eliminate the occurrence of lipodystrophy.

In the other clinical programs that we are currently evaluating for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which we are evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to ours. In addition, some of these competitors could be more experienced than we are in the development and 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 our products and which could be commercialized more rapidly and effectively than our products.

If we fail to comply with government regulations regarding the import and export of products and raw materials, we could be subject to fines, sanctions and penalties that could adversely affect our ability to operate our business.

We import and export products and raw materials from and to several jurisdictions around the world. This process requires us and our commercial partners to operate in a number of jurisdictions with different customs and import/export regulations. The regulations of these countries are subject to change from time to time and we cannot predict the nature, scope or impact of these changes upon our operations. We and our commercial partners are subject to periodic reviews and audits by U.S. and foreign authorities responsible for administering these regulations. To the extent that we or our commercial partners are unable to successfully defend against an audit or review, we may be required to pay assessments, penalties and increased duties, which may, individually or in the aggregate, negatively impact our business, operating results and financial condition.

3.2 RISKS RELATED TO THE REGULATORY REVIEW PROCESS

Even after regulatory approval has been obtained regulatory agencies may impose limitations on the indicated uses for which our products may be marketed, subsequently withdraw approval or take other actions against us that would be adverse to our business.

Even though we have obtained marketing approval of *EGRIFTA*® in the United States, the FDA and regulatory agencies in other countries have the ability to limit the indicated use of a product. Also, the manufacture, marketing and sale of our products will be subject to ongoing and extensive governmental regulation in the country in which we intend to market our products. For example, although we obtained marketing approval of *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States, the marketing of *EGRIFTA*® will be subject to extensive regulatory requirements administered by the FDA, such as adverse event reporting and compliance with marketing and promotional requirements. The FDA has also requested that we comply with certain post-approval requirements in connection with the approval of *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, namely, the development of a single vial formulation of *EGRIFTA*® (the development of a new presentation of the same formulation), a long-term observational safety study using *EGRIFTA*®; and a Phase 4 clinical trial. Although we have received marketing approval from the FDA of tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that regulatory agencies in other countries will approve tesamorelin for this treatment in their respective countries.

Our third party manufacturing facilities for *EGRIFTA*® will also be subject to continuous reviews and periodic inspections and approval of manufacturing modifications by regulatory agencies, including the FDA. The facilities must comply with GMP regulations. The failure to comply with FDA requirements can result in a series of administrative or judicial sanctions or other setbacks, including:

- restrictions on the use of the product, manufacturers or manufacturing processes;
- warning letters;
- civil or criminal penalties;
- fines;
- injunctions;
- product seizures or detentions;

- import or export bans or restrictions;
- product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new product candidates or supplements to approved applications.

Addressing any of the foregoing or any additional requirements of the FDA or other regulatory authorities may require significant resources and could impair our ability to successfully commercialize our product candidates.

To date, we do not have the required regulatory approvals to commercialize EGRIFTA ® outside of the United States and cannot guarantee that we will obtain such regulatory approvals or that any of our product candidates will be approved for commercialization in any country, including the United States.

The commercialization of *EGRIFTA*® outside of the United States and our future products first requires the approval of the regulatory agencies in each of the jurisdictions where we intend to sell such products. In order to obtain the required approvals, we must demonstrate, following preclinical and clinical studies, the safety, efficacy and quality of a product.

The rules and regulations relating to the approval of a new drug are complex and stringent. Although we have received marketing approval in the United States from the FDA for *EGRIFTA*®, there can be no guarantee that regulatory agencies in other territories will approve *EGRIFTA*® in their respective countries.

All of our product candidates are subject to preclinical and clinical studies. If the results of such studies are not positive, we may not be in a position to make any filing to obtain the regulatory approval for the product candidate or, even where a product candidate has been filed for approval, we may have to conduct additional clinical trials or testing on such product candidate in an effort to obtain results that further support the safety and efficacy of such product candidate. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product candidate.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product candidate subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, denied. If *EGRIFTA*® is not approved by the appropriate regulatory agencies for commercialization outside of the United States, our capacity to generate revenues in the long-term will be impaired and this will have an adverse effect on our financial condition and our operating results.

Obtaining regulatory approval is subject to the discretion of regulatory agencies in each relevant jurisdiction. Therefore, even if we obtain regulatory approval from one agency, or succeed in filing the equivalent of an NDA, in other countries, or have obtained positive results relating to the safety and efficacy of a product candidate, a regulatory agency may not accept the filing or the results contained therein as being conclusive evidence of the safety and efficacy of a product candidate in order to allow us to sell the product candidate in its country. A regulatory agency may require that additional

tests on the safety and efficacy of a product candidate be conducted prior to granting approval of such product candidate. These additional tests may delay the approval of such product candidate, can have a material adverse effect on our financial condition and results of operations based on the type of additional tests to be conducted and may not necessarily lead to the approval of the product candidate.

We have only obtained FDA approval for EGRIFTA® and we must complete several preclinical studies and clinical trials for our other product candidates which may not yield positive results and, consequently, could prevent us from obtaining regulatory approval.

Obtaining FDA approval for the commercialization of drug products requires a demonstration through preclinical studies and clinical trials that the drug is safe and effective. All of our product candidates are at the discovery stage, except our peptide for the treatment of AKI, which is in preclinical development. In addition, in order to market tesamorelin for other indications, we will need to demonstrate its effectiveness and safety through additional studies and clinical trials. Favourable results in our trials of tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy may not be predictive of the efficacy and safety results in our Phase 2 clinical trials of tesamorelin for the treatment of muscle wasting in COPD.

If any of our preclinical studies or clinical trials fail to show positive efficacy data or result in adverse patient reactions, we may be required to perform additional preclinical studies or clinical trials, to extend the term of our studies and trials, to increase the number of patients enrolled in a given trial or to undertake ancillary testing. Any of these events could cause an increase in the cost of product development, delay filing of an application for marketing approval or result in the termination of a study or trial and, accordingly, could cause us to cease the development of a product candidate. In addition, the future growth of our business could be negatively impacted since there can be no guarantee that we will be able to develop new compounds, license or purchase compounds or product candidates that will result in marketed products.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell *EGRIFTA®* or any of our other product candidates for which we intend to seek marketing approval.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

In the United States, the MMA changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, this legislation authorized Medicare Part D prescription drug plans to use formularies where they can limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional

pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and sales price that we receive for *EGRIFTA*® or any other approved products and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

More recently, in March 2010, U.S. President Obama signed into law the *Health Care Reform Law*, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the *Health Care Reform Law* revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, beginning in 2011, the new law imposes a significant annual fee on companies that manufacture or import branded prescription drug products. We will not know the full effects of the *Health Care Reform Law* until applicable U.S. federal and state agencies issue regulations or guidance under the new law. Although it is too early to determine the effect of the *Health Care Reform Law*, the new law appears likely to continue to apply the pressure on pharmaceutical pricing. Pressure on pharmaceutical pricing may adversely affect the amount of our royalties in the United States.

3.3 RISKS RELATED TO OUR INTELLECTUAL PROPERTY

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications related to our proprietary technologies, inventions and improvements that are important to the development of our business.

Because the patent position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. If our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us 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 us from developing our product candidates, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

Although we have received patents from the USPTO for the treatment of HIV-related lipodystrophy with tesamorelin, there can be no guarantee that, in the other countries where we filed patent applications for the treatment of HIV-related lipodystrophy, we will receive a patent or obtain granted claims of similar breadth to those granted by the USPTO.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants. Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management's attention from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our pending patent applications at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products. Any such litigation could also divert our research, technical and management personnel from their normal responsibilities.

Our ability to defend ourselves against infringement by third parties of our intellectual property in the United States with respect to tesamorelin for the treatment of HIV-related lipodystrophy depends, in part, on our commercial partner's decision to bring an action against such third party. Under the terms and conditions of our collaboration and licensing agreement with EMD Serono, EMD Serono has the first right to bring an action against a third party for infringing our patent rights with respect to tesamorelin for the treatment of HIV-related lipodystrophy. Any delay in pursuing such action or in advising us that it does not intend to pursue the matter could decrease sales, if any, of tesamorelin for the treatment of HIV-related lipodystrophy and adversely affect our revenues.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize our product candidates, and more particularly tesamorelin, will depend, in part, upon our ability to avoid infringing third party patents and other third-party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture 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 fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy does not guarantee that we are not infringing one or more third-party patents and there can be no guarantee that we will not infringe or

violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we 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 we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favourable to us, and/or pay damages, including up to treble damages in the United Sates (for example, if found liable of wilful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. We are aware of third-party patents for the reduction of accumulation of fat tissue in HIV patients and, if a patent infringement suit was brought against us, we believe that we should not be found to infringe any valid claims of these patents. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

3.4 OTHER RISKS RELATED TO OUR BUSINESS

We have a history of net losses and we may never achieve high profitability.

We have been reporting losses since our inception (except for the financial years ended November 30, 2010, 2001 and 2000) and, as at November 30, 2010, we had an accumulated deficit of $235,116,000. We do not expect to generate significant recurrent revenues sufficient to cover our overall activities in the immediate future. As a result of the foregoing, we will need to generate significant revenues to achieve profitability.

Our profitability will depend on, among other things, our commercial partners' ability and willingness to successfully commercialize *EGRIFTA®* and to obtain regulatory approval for the use of tesamorelin in the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Latin America, Africa and the Middle East. However, there is no guarantee that our commercial partners will succeed in commercializing *EGRIFTA®* or that our product candidates will ever receive approval for commercialization in any jurisdiction and, accordingly, we may never sustain profitability.

We rely on third-party service providers to conduct our preclinical studies and clinical trials and the failure by any of these third parties to comply with their obligations may delay the studies which could have an adverse effect on our development programs.

We have limited human resources to conduct preclinical studies and clinical trials and must rely on third-party service providers to conduct our studies and trials and carry out certain data gathering and analyses. If our third-party service providers become unavailable for any reason, including as a result of the failure to comply with the rules and regulations governing the conduct of preclinical studies and clinical trials, operational failures such as equipment failures or unplanned facility shutdowns, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of our agreements with them, such as failing to perform the testing, compute the data or complete the reports further to the testing, we may incur delays which may be significant in connection with the planned timing of our trials and studies which could adversely affect the timing of the development program of a product candidate or the filing of an application for marketing approval in a jurisdiction where we rely on third-party service providers to make such filing. In addition, where we rely on such third-party service provider to help in answering any question raised by a regulatory agency during its review of one of our files, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of our third-party service providers are material, or, for any reason, such providers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, we would need to find alternative third-party service providers.

If we needed to change or select new third-party service providers, the planned working schedule related to preclinical studies and/or clinical trials could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if we needed to change or select new third-party service providers to carry out work in response to a regulatory agency review of one of our applications, there may be delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product candidate.

Any selection of new third-party service providers to carry out work related to preclinical studies and clinical trials would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would delay the filing of any new drug application with regulatory agencies for the purposes of obtaining regulatory approval to commercialize our product candidates. Furthermore, such delays could increase our expenditures to develop a product candidate and materially adversely affect our financial condition and operating results.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

The conduct of clinical trials requires the enrolment of patients. We may have difficulties enrolling patients for the conduct of our future 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. Difficulty

in enrolling patients for our clinical trials could result in the cancellation of clinical trials or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could result in the clinical trial being cancelled. Any of these events would have material adverse consequences on the timely development of our product candidates, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of such product candidates.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements, including to continue and complete the research and development of our product candidates and their commercialization.

We do not generate significant recurrent revenues and may need financing in order to fund all or part of our capital requirements to sustain our growth, to continue research and development of new product candidates, to conduct clinical programs, to develop our marketing and commercial capabilities and to meet our compliance obligations with various rules and regulations to which we are subject. In the past, we have been financed through public equity offerings in Canada and private placements of our equity securities and we may need to seek additional equity offerings to raise capital, the size of which cannot be predicted. However, the market conditions or our business performance may prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional equity capital by way of public or private equity offerings in the future. In such a case, we would have to use other means of financing, such as issuing debt instruments or entering into private financing or credit agreements, the terms and conditions of which may not be favourable to us. If adequate funding is not available to us, we may be required to delay, reduce, or eliminate our research and development of new product candidates, our clinical trials or our marketing and commercialization efforts to launch and distribute new products, curtail significant portions of our product development programs that are designed to identify new product candidates and sell or assign rights to our technologies, products or product candidates. In addition, 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 our common shares.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of *EGRIFTA*® and our other product candidates, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have side effects. The manufacture and sale of such products may expose us to potential liability, and the industries in which our products are likely to be sold have been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and results of operations.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to indemnify our commercial partners and make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources.

The development and commercialization of our drugs could expose us to liability claims which could exceed our 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 us could potentially be greater than the available coverage and, therefore, have a material adverse effect upon us and our financial condition. Furthermore, a product liability claim could tarnish our reputation, whether or not such claims are covered by insurance or are with or without merit.

We depend on our 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 our business and growth potential.

The operation of our business requires qualified scientific and management personnel. The loss of scientific personnel or members of management could have a material adverse effect on our business. In addition, our growth is and will continue to be dependent, in part, on our ability to hire and retain the employment of qualified personnel. There can be no guarantee that we will be able to continue to retain our current employees or will be able to attract qualified personnel to achieve our business plan.

We may be unable to identify and complete in-licensing or acquisitions. In-licensing or acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to our shareholders.

In the future, we may engage in selective in-licensing or acquisitions of products or businesses that we believe are complementary to our products or business. There is a risk that we will not be able to identify suitable in-licensing or acquisition candidates available for sale at reasonable prices, complete any in-licensing or acquisition, or successfully integrate any in-licensed or acquired product or business into our operations. We are likely to face competition for in-licensing or acquisition candidates from other parties including those that have substantially greater available resources. In-licensing or acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to our ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities;
- inappropriate valuation of the acquired in-process research and development, or the entire acquired business; and
- difficulties in maintaining customer relations.

If we do not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on our business, results of operations and financial condition. Inherited liabilities of or other issues with an acquired business

could have a material adverse effect on our performance or our business as a whole. In addition, if we proceed with an acquisition, our available cash may be used to complete the transaction, diminishing our liquidity and capital resources, or shares may be issued which could cause significant dilution to our existing shareholders.

We may not achieve our publicly announced milestones on time.

From time to time, we publicly announce the timing of certain events to occur. These statements are forward-looking and are based on the best estimate of management at the time 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 candidate, filing of an application to obtain regulatory approval, beginning of commercialization of our products or announcement of additional clinical programs for a product candidate 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 publicly announced timeline. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events could have an adverse material effect on our business plan, financial condition or operating results.

The outcome of scientific research is uncertain and our failure to discover new compounds could slow down the growth of our portfolio of products.

We conduct research activities in order to increase our portfolio of product candidates. 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 compounds to an advanced development stage. Our inability to develop new compounds or to further develop the existing ones could slow down the growth of our portfolio of products.

3.5 RISKS RELATED TO OUR COMMON SHARES

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have had no meaningful relationship to current or historical financial results, asset values, book value or many other criteria based on conventional measures of the value of common shares. The market price of our common shares will fluctuate due to various factors including the risk factors described herein and other circumstances beyond our control.

In the past, when the market price of a stock has been volatile, shareholders have often instituted securities class action litigation against that company. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

Our quarterly operating results may fluctuate significantly.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of revenues and royalties received related to *EGRIFTA®*;

- variations in the level of expenses related to our development programs;
- addition or termination of clinical trials;
- any intellectual property infringement lawsuit in which we may become involved;
- regulatory developments affecting our product candidates;
- our execution of any collaborative, licensing or similar arrangements, and the timing of payments we may make or receive under these arrangements; and
- the achievement and timing of milestone payments under our existing strategic partnership agreements.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and do not currently intend to do so for the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares. See “Dividend Policy”.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;
- the timing of regulatory submissions and approvals;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize the product candidates;
- the outcome of any litigation; changes in foreign currency fluctuations;
- the timing of achievement and the receipt of milestone payments from current or future third parties;

- failure to enter into new or the expiration or termination of current agreements with third parties; and
- failure to introduce the product candidates to the market in a manner that generates anticipated revenues.

We may be adversely affected by currency fluctuations.

A substantial portion of our revenue is earned in U.S. dollars, but a substantial portion of our operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on our business, financial condition and operating results. We do not currently engage in transactional hedging schemes but we do attempt to hedge or mitigate the risk of currency fluctuations by actively monitoring and managing our foreign currency holdings relative to our foreign currency expenses.

Our shareholder rights plan and certain Canadian laws could delay or deter a change of control.

Our shareholder rights plan entitles a rights holder, other than a person or group holding 20% or more of our common shares, to subscribe for our common shares at a discount of 50% to the market price at that time, subject to certain exceptions. See “Material Contracts-Shareholder Rights Plan Agreement”.

The *Investment Canada Act* (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

ITEM 4 DIRECTORS AND EXECUTIVE OFFICERS

4.1 DIRECTORS

The following table lists the names of our directors, their province or state and country of residence, their principal occupation, their position or office held (if any), the year in which each of them first became a director and the number of common shares and deferred share units each of them beneficially owned, directly or indirectly, or over which they exercised control or direction as of February 21, 2011. Each elected director remains in office until the next annual meeting of shareholders, unless he resigns or his position becomes vacant following his death, destitution or for any other reason before the next annual meeting of shareholders.

DIRECTORS

Name and Place of Residence	Principal Occupation	Director Since	Number of Common Shares	Number of Deferred Share Units
Paul Pommier(1) (2) (3) (4) (5) Québec, Canada	Chairman of the Board	1997	190,100	20,998
John-Michel T. Huss(4) Québec, Canada	President and Chief Executive Officer of the Company	2010	—	44,248
Gilles Cloutier(3) (5) North Carolina,United States	Corporate Director	2003	71,000	3,000
A. Jean de Grandpré(2) (3) (4) (5) Québec, Canada	Corporate Director	1993	200,000	5,250
Robert G. Goyer(3) Québec, Canada	Emeritus Professor Faculty of Pharmacy Université de Montreal	2005	10,000	5,250
Gérald A. Lacoste(1) (3) (5) Québec, Canada	Corporate Director	2006	11,000	5,250
Bernard Reculeau(2) Paris, France	Corporate Director	2005	18,100	3,000
Jean-Denis Talon(1) (2) (4) Québec, Canada	Chairman of the Board AXA Canada (Insurance Company)	2001	60,000	3,000
Luc Tanguay(4) Québec, Canada	Senior Executive Vice President and Chief Financial Officer of the Company	1993	83,000	27,572

(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 Finance Committee

(5) Member of the Strategic Review Committee

Biographical Notes of the Directors

Paul Pommier, MBA. *Chairman of the Board*. Mr. Paul Pommier worked for more than 25 years at National Bank Financial Inc., 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 Inc. developed notable expertise in tax-shelter financings.

John-Michel T. Huss, MBA. *President & Chief Executive Officer.* John-Michel T. Huss brings more than 20 years of global experience in the pharmaceutical industry to Theratechnologies. He began his career at Merck & Co., occupying various sales and marketing positions in the United States and in Europe. In 1996, he accepted an International Product Manager position at the headquarters of F. Hoffman-La Roche, in Basel, Switzerland. Mr. Huss joined Sanofi-Synthelabo GmbH in 1999, where he held positions in Germany and in Canada. He was appointed General Manager of the Swiss subsidiary at Sanofi in 2007 (Sanofi-Synthelabo merged with Aventis in 2004), and in 2009 was promoted to the position of Chief of Staff, Office of the CEO, in Paris.

Gilles Cloutier, Ph.D. *Corporate Director*. Dr. Gilles Cloutier has over 30 years of experience in the pharmaceutical industry including five years with contract research organizations, providing strategic support to biotechnology and pharmaceutical companies. 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 our board of directors 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 significant growth as Chairman of the Board and Chief Executive Officer, and went on to become the founding Chairman of the Board and Chief Executive Officer of BCE**.** In recognition of these achievements, he was inducted into the Canadian Business Hall of Fame. Mr. de Grandpré also served on the boards of directors of other important Canadian and US corporations, namely Northern Telecom Limited, Chrysler Corporation, Sun Life Financial Inc. and Toronto Dominion Bank, and as a member of the international advisory boards of Chemical Bank and Goldman Sachs. He has been a member of our board of directors since our 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 than 40 years of experience in the pharmaceutical field. Dr. Goyer is the former President of Jouveinal Canada and 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. He was Chairman of the Conseil du médicament du Québec from 2003 to 2005.

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 Québec 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 Québec Advisory Committee on Financial Institutions, and was a member of the task force on the capitalization of life insurance companies in Québec. 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. *Corporate Director*. Mr. Bernard Reculeau brings over 25 years of pharmaceutical industry experience to Theratechnologies. From September 2006 to December 2009, he was the President of CIS Bio International, a French company specializing in nuclear medicine and biomedical technologies. Prior to joining CIS Bio International, Mr. Reculeau was Senior Vice President Pharmaceutical Operations of Sanofi 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 close to 25 years in pharmaceutical operations, notably in France where he ran the pharmaceutical operations for Rhône-Poulenc and Rhône-Poulenc Rorer as well as in other countries in the European Union. Mr. Reculeau retired in early 2010.

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 20 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.

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 15 years. As a member of our senior management since 1996, he has contributed to our 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 us, Mr. Tanguay had a career in investment banking at National Bank Financial Inc.

4.2 AUDIT COMMITTEE

Our board of directors has established an Audit Committee to review our annual financial statements prior to their approval by the board of directors and also to perform other duties, as is described in the Audit Committee's charter adopted by the board of directors and attached hereto as Appendix A.

As of November 30, 2010, 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. 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 25 years of experience in the financial field, notably in public and private company financings, as well as in merger and acquisition activities. While acting as a director of Royal Aviation Inc., he was also a member of its audit committee.

Jean-Denis Talon. Mr. Talon has more than 20 years of experience in the insurance field as a senior officer. Mr. Talon acted as a member of the audit committee of AXA Canada from March 1995 to April 2008. He has been a member of the audit committee of InnovAssur since March 1999 and since November 1999, he has been acting as Chairman of its audit committee.

Gérald A. Lacoste. Mr. Lacoste has more than 30 years of experience in the fields of securities regulation, corporate finance and corporate governance. Mr. Lacoste was president of the audit committee of Amisco Ltd. from 2002 to 2009 and was also a member of the audit committee of Andromed Inc. from 2004 to 2007. Mr. Lacoste has been a member of the audit committee of Génome Québec from 2006 to 2009.

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.

External Auditors Service Fees

	Financial Year Ended November 30, 2010	Financial Year Ended November 30, 2009
Audit Fees	$ 122,000	$ 80,000
Audit-Related Fees (1)	$ 158,025	$ 17,500
Tax Fees (2)	$ 56,600	$ 39,626
All Other Fees	—	—

(1) Audit-related fees relate principally to services rendered in connection with our annual financial statements and, for the financial year ended November 30, 2010, audit fees paid to KPMG also included fees related to services rendered in connection with the audit of IFRS adjustments and the translation of the financial statements to IFRS standards.

(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 common shares and deferred share units beneficially owned, directly or indirectly, by each of them or over which they exercised control or direction as at February 21, 2011.

EXECUTIVE OFFICERS

Name and Place of Residence	Office	Number of Common Shares of the Company over which Control or Direction is Exercised	Number of Deferred Share Units
Paul Pommier Québec, Canada	Chairman of the Board	190,100	20,998
John-Michel T. Huss Québec, Canada	President and Chief Executive Officer	—	44,248
Luc Tanguay Québec, Canada	Senior Executive Vice President and Chief Financial Officer	83,000	27,572
Marie-Noël Colussi Québec, Canada	Vice President, Finance	10,075	3,182
Chantal Desrochers Québec, Canada	Vice President, Business Development and Commercialization	16,300	—
Andrea Gilpin Québec, Canada	Vice President, Investor Relations and Communications	6,000	2,005
Jocelyn Lafond Québec, Canada	Vice President, Legal Affairs, and Corporate Secretary	—	5,000
Christian Marsolais Québec, Canada	Vice President, Clinical Research and Medical Affairs	8,597	6,312
Martine Ortega Québec, Canada	Vice President, Compliance and Regulatory Affairs	3,000	7,532
Pierre Perazzelli Québec, Canada	Vice President, Pharmaceutical Development	1,800	4,061
Krishna Peri Québec, Canada	Vice President, Research	35,000	—

Biographical Notes of the Executive Officers

For the biographical notes of Paul Pommier, John-Michel T. Huss and Luc Tanguay, please refer to ITEM 4 of this AIF.

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 us, Ms. Colussi worked for eight years with KPMG, a major accounting firm. Ms. Colussi has experience in accounting, auditing, control and taxation, particularly in research and development. She joined us in March 1997, and prior to her appointment as Vice President, Finance in February 2002, she held the positions of Director, Accounting and Internal Control and 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 to European Franchise Marketing Director, Cardiovascular, in

France where she 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 us in 2005, Ms. Desrochers offered consulting services in business development and product development strategies.

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

Jocelyn Lafond, LL.B., LL.M. *Vice President, Legal Affairs, and Corporate Secretary* . Mr. Lafond has over 15 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 us 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 15 years of experience in clinical research for large pharmaceutical companies, such as Sandoz Canada Inc. and BioChem Therapeutics Inc. Before joining us 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 for 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 us 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 20 years of experience in the pharmaceutical industry, where she has gained knowledge of the drug development process. During her career, she has acquired broad expertise in GLP, GCP and GMP practices and procedures as well as in computerized systems validation. She is also experienced in relations with US, European and Canadian regulatory agencies. Prior to joining us, she held senior management positions at Ventana Clinical Research Corporation, MDS Pharma Services and Sandoz Canada Inc.

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 20 years. Throughout his career, he has held various positions in large pharmaceutical companies, including Bristol Myers Squibb and Abbott Laboratories, Ltd. 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 us 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 the 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 our acquisition of Pharma-G in 2000, he served as director of discovery research, and was subsequently appointed Vice-President, Research, in June 2004.

4.4 DECLARATION OF THE DIRECTORS' AND OFFICERS' ANTECEDENTS

Except as described below, to our knowledge, no director or executive officer (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 us) 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 Item 49 of the *Bankruptcy and Insolvency Act* (R.S. 1985, c. B-3), or *Bankruptcy Act*.

Jean-Denis Talon was a member of the board of directors of Toptent Inc., or Toptent, from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy Act*. Subsequently, on May 7, 2010, Toptent filed a proposal under the *Bankruptcy Act*. The proposal was accepted by Toptent's creditors on May 20, 2010.

Luc Tanguay was a member of the board of directors of Ambrilia Biopharma Inc., or Ambrilia, from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada). The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the TSX halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, TSX determined to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of TSX. The common shares will remain suspended from trading.

4.5 SECURITIES HELD BY THE DIRECTORS AND EXECUTIVE OFFICERS

As at February 21, 2011, the total number of common shares (the only securities carrying a voting right) held by our directors and executive officers amounted to 723,972, which represented 1.20% of our outstanding common shares.

ITEM 5 INTERESTS OF EXPERTS

KPMG LLP, our auditors, is the only person or company who is named as having prepared or certified a statement, report or evaluation, included or mentioned in a filing under securities regulations during our 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

We are 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 our shareholders and, in the event of our liquidation or dissolution, 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. Our articles of incorporation give our 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 our other shares, including common shares, with respect to the payment of dividends and return of capital in the event of our liquidation or dissolution.

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

6.2 DIVIDEND POLICY

We have never declared or paid cash dividends on our common shares and do not anticipate paying any cash dividends on our common shares in the foreseeable future. We presently intend to retain future earnings, if any, to finance the expansion and growth of our business. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors the board of directors deems relevant. In addition, the terms of any future debt or credit facility may preclude us from paying dividends.

6.3 TRANSFER AGENT AND REGISTRAR

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

ITEM 7 MARKET FOR SECURITIES

7.1 TRADING PRICE AND VOLUME

The following table sets forth the high and low closing sale prices for our common shares for the periods indicated, as reported on the TSX. However, you should not view this presentation as an indication that the market price of our common shares will continue at such levels.

	Price		
Period	$ High	$ Low	Volume
February 1 to February 18, 2011	$5.88	$5.01	4,371,300
January 2011	$5.90	$5.43	3,319,500
December 2010	$5.69	$5.27	4,038,000
November 2010	$5.80	$4.91	8,127,400
October 2010	$5.15	$4.44	2,944,000
September 2010	$4.98	$4.78	1,230,300
August 2010	$5.08	$4.75	1,934,900
July 2010	$5.48	$4.82	3,795,500
June 2010	$5.59	$4.61	6,188,600
May 2010	$5.02	$2.09	11,593,700
April 2010	$5.20	$4.82	1,960,000
March 2010	$5.50	$4.80	2,612,100
February 2010	$5.03	$4.67	2,205,500
January 2010	$5.42	$4.28	4,505,000
December 2009	$4.45	$3.55	5,517,800

7.2 PRIOR SALES

The following table summarizes the distribution of securities other than our common shares that we issued during the most recently completed financial year, identifying the type of security, the price per security, the number of securities issued, and the date on which the securities were issued.

Date	Type of Security	Price per Security	Number of Securities
December 8, 2009	Options	$ 3.84	265,000
June 8, 2010	Options	$ 4.75	70,000

ITEM 8 LEGAL PROCEEDINGS

On July 26, 2010, we received a motion for authorization to institute a class action lawsuit against us, our chairman and our former chief executive officer. This motion was filed in the Superior Court of Québec, district of Montreal. The applicant is seeking to initiate a class action suit and to certify and represent a class of persons who were shareholders at May 21, 2010 and who sold their common shares on May 25 or 26, 2010. This applicant alleges that we did not comply with our continuous disclosure obligations as a reporting issuer by failing to disclose certain alleged adverse effects relating to the administration of *EGRIFTA*®. We are of the view that the allegations contained in the motion are entirely without merit and intend to take all appropriate actions to vigorously defend our position. The Motion has not yet been heard by the Superior Court of Québec and no date has been set for the hearing. We have subscribed for insurance covering our potential liability and the potential liability of our directors and officers in the performance of all their duties for us subject to a $200,000 deductible and standard terms, conditions and exclusions.

We are not otherwise currently subject to any material legal proceedings.

ITEM 9 MATERIAL CONTRACTS

Licensing Agreements. We have executed commercialization agreements with third parties for the exclusive distribution rights to *EGRIFTA®* for the reduction of excess abdominal fact in HIV-infected patients with lipodystrophy for (i) the United States; (ii) Latin America, Africa and the Middle East; and (iii) Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries. For a description of these agreements, see Item 2.5.

Supply Agreements. We have executed five supply agreements with Bachem, Draxis, Becton Dickinson, Hospira and ABAR. For a description of these agreements, see Item 2.7.

Shareholder Rights Plan Agreement. On February 10, 2010, we entered into a shareholder rights plan agreement, or Rights Plan. The Rights Plan entitles a holder of rights (other than the Acquiring Person, as defined below, or any affiliate or associate of an Acquiring Person or any person acting jointly or in concert with an Acquiring Person or any affiliate or associate of an Acquiring Person) to purchase to our common shares at a discount of 50% to the market price upon a person becoming an "Acquiring Person", subject to certain exceptions and the terms and conditions set out in the Rights Plan. An "Acquiring Person" is defined in the Rights Plan as a beneficial owner of 20% or more of our common shares. The Rights Plan will expire at the close of our annual meeting of shareholders in 2013.

In order to implement the Rights Plan, we issued one right in respect of each common share outstanding as of 6:00 p.m. (Montreal time) on February 9, 2010, the "Effective Date". One right will also be issued and attached to each subsequently issued common share. The rights will separate and trade separately from the common shares to which they are attached and will become exercisable after the "Separation Time", as defined below:

The "Separation time" is the close of business on the tenth business day following the earliest of:

(a) the date of the first public announcement made by us or an Acquiring Person that a person has become an Acquiring Person;

(b) the date of the commencement of, or first public announcement of the intent of any Person to commence, a take-over bid (other than a Permitted Bid (as defined in the Rights Plan) or a Competing Permitted Bid (as defined in the Rights Plan)) by any person for our common shares;

(c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such; or

(d) such later date as may be determined by the board of directors.

After the time at which a person becomes an Acquiring Person, and subject to the terms and conditions set out in the shareholder rights plan agreement, each right would, upon exercise, entitle a rights holder, other than the Acquiring Person and related persons, to purchase common shares at a 50% discount to the market price at the time.

Under the Rights Plan, a "Permitted Bid" is a bid made to all holders of the common shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares but must extend the bid for a further 10 days to allow other shareholders to tender.

Lease Agreement. In October 2009, we entered into a new lease agreement with *Société de portefeuille immobilier GE Q-Tech inc*. for the renewal of our lease for our offices and laboratories located in Montréal, Québec. The new lease became effective on May 1, 2010 and will expire on April 30, 2021. Under the terms of this new lease agreement, we have two five year renewal options. If exercised, the first renewal option will start on May 1, 2021 and expire on April 30, 2026 and the second renewal option, if exercised, will start on May 1, 2026 and expire on April 30, 2031.

ITEM 10 ADDITIONAL INFORMATION

Additional information with respect to our company, including directors' and officers' compensation, principal holders of our securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in our Management Proxy Circular for our most recent annual and special meeting of shareholders. Our financial information is provided in our comparative financial statements and Management Discussion & Analysis for our financial year ended November 30, 2010.

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

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.

Forward-Looking Information

This Management's discussion and analysis ("MD&A") 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 preparation and filing of applications seeking regulatory approval of *EGRIFTA*™ in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in various territories outside of the United States, the revenue to be generated as a result of sales of *EGRIFTA*™ to EMD Serono, Inc., ("EMD Serono"), the receipt of royalties from EMD Serono in connection with the sale of *EGRIFTA*™ in the United States, and the development of tesamorelin in a new clinical program for a new indication. 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 future or conditional tenses 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 are described under the section "Risks and Uncertainties" on page 21 and include, but are not limited to, the risk that *EGRIFTA*™ is not approved in all or some of the territories referred to in this MD&A, the revenue and royalties we expect to generate from sales of *EGRIFTA*™ is lower than anticipated, the supply of *EGRIFTA*™ to our commercial partners is delayed or suspended as a result of problems with our suppliers, *EGRIFTA*™ is withdrawn from the market as a result of defects or recalls, our intellectual property is not adequately protected and our liquidity level decreases based on unexpected activities that must be carried out in order to achieve our business plan.

Although the forward-looking information contained in this MD&A is based upon what we believe are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary materially from the forward-looking information contained in this MD&A. Certain assumptions made in preparing the forward-looking information include the assumption that tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approval in the territories referred to in this MD&A, no additional clinical studies will be required to obtain said regulatory approval of tesamorelin, *EGRIFTA*™ will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payers, our relations with third-party suppliers of *EGRIFTA*™ will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply *EGRIFTA*™ to meet its demand and on a timely-basis and that our business plan will not be substantially modified.

Consequently, all of the forward-looking information contained in this MD&A is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation.

Management's Discussion and Analysis

The following discussion and analysis provides management's point of view on the financial position and the results of operations of Theratechnologies Inc., on a consolidated basis for the twelve-month periods ended November 30, 2010 ("fiscal 2010") and November 30, 2009 ("fiscal 2009"). Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", "the Company", "we", "us", "our" or similar terms refer to Theratechnologies Inc. and its consolidated subsidiaries. This information is dated February 8, 2011, and should be read in conjunction with the Audited Consolidated Financial Statements and the accompanying notes. Unless specified otherwise, all amounts are in Canadian dollars. In this MD&A, the use of "*EGRIFTA*™" refers to tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy regardless of the trade name used for such product in any particular territory. *EGRIFTA*™ is the trade name used in the United States for tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Except as otherwise indicated, the financial information contained in this MD&A and in our Audited Consolidated Financial Statements has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Our financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). For more information regarding the conversion to IFRS, please refer to the heading "Conversion to IFRS" in this MD&A and to note 27 of the Audited Consolidated Financial Statements, which are our first consolidated financial statements prepared in accordance with IFRS.

The Audited Consolidated Financial Statements and MD&A have been reviewed by our Audit Committee and approved by our Board of Directors.

Overview

We are a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products with an emphasis on growth-hormone releasing factor peptides. We are leveraging our expertise in the field of metabolism to discover and develop products in specialty markets. Our commercialization strategy is to retain all or a significant portion of the commercial rights to our products. Our first product, *EGRIFTA*™ (tesamorelin for injection), was approved by the United States Food and Drug Administration ("FDA") in November 2010. To date, *EGRIFTA*™ is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Lipodystrophy in HIV-infected patients presents a serious medical condition, affecting approximately 29% of all diagnosed and treated HIV-infected patients. This condition is associated with a range of physiological and psychological complications beyond the significant health and mortality risks of the HIV infection itself. *EGRIFTA*™ is currently marketed in the United States by EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, pursuant to a collaboration and licensing agreement entered into by us and EMD Serono in October 2008. In addition, we have signed distribution and licensing agreements with Sanofi Winthrop Industries, an affiliate of Sanofi-aventis (collectively, "Sanofi"), for the commercialization rights for *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. ("Ferrer") for the commercialization rights for *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-

infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries. *EGRIFTA*™ is the trade name used in the United States for tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

The first six months of fiscal 2010 were devoted to preparing for a public meeting with the Endocrinologic and Metabolic Drugs Advisory Committee, which the FDA of the United States had asked us to attend in the context of its review of our New Drug Application ("NDA") for *EGRIFTA*™. As an integral part of the FDA review process for a NDA, the principal role of an advisory committee is to provide an independent point of view to enhance the quality of the agency's regulatory decision-making process. At the public meeting held on May 27, 2010, the committee of experts unanimously recommended to the FDA, the approval of *EGRIFTA*™.

In the second half of fiscal 2010, we focused primarily on responding to the FDA's questions and began building our inventory in anticipation of the launch of *EGRIFTA*™ in the United States. We were also focused on securing strategic alliances for the commercialization of *EGRIFTA*™ in territories outside of the United States.

On November 10, 2010, the FDA approved *EGRIFTA*™ as the first approved treatment in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. By virtue of the collaboration and licensing agreement entered into in 2008 with EMD Serono, we received a milestone payment of US$25,000,000 associated with the FDA-approval of *EGRIFTA*™. This payment was received by us on November 30, 2010. Under the collaboration and licensing agreement, EMD Serono has the exclusive right to commercialize *EGRIFTA*™ in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

Concurrent with these regulatory activities in fiscal 2010, our third-party suppliers began manufacturing inventory of *EGRIFTA*™ in preparation for the launch of *EGRIFTA*™ in the United States by our commercial partner, EMD Serono. The first product shipment of *EGRIFTA*™ took place in December 2010.

Fiscal 2010 was also marked by a change in our management. On December 1, 2010, John-Michel T. Huss, previously Chief of Staff, Office of the CEO, of Sanofi in Paris, became our President and Chief Executive Officer. Mr. Huss replaced Yves Rosconi who, in June 2010, announced his desire to retire after six years as the head of the Company.

On December 6, 2010, we entered into a distribution and licensing agreement with Sanofi granting them the exclusive commercialization rights of *EGRIFTA*™ for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East.

On February 3, 2011, we entered into a distribution and license agreement with Ferrer granting them the exclusive commercialization rights of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Financial Position

We completed fiscal 2010 with a liquidity position of $64,882,000, consisting of $64,550,000 of cash and highly liquid bonds, and $332,000 of tax credits and grants receivable.

Economic Environment

In 2008 and 2009, capital markets were characterized by significant stock market volatility and a notable decline in access to capital, particularly for the biotechnology industry. An economic slowdown occurred in almost all sectors and the general decline of the capital markets had a negative effect on the cost of capital for companies.

In early 2010, the situation remained challenging and it was only in the second half of the year that we began to see an improvement in economic conditions, which resulted in better access to capital and lower credit risk. Interest rates, however, remained extremely low throughout the year.

Despite the improvement in general market conditions, our investment policy continues to be conservative. We have invested our funds in highly liquid, low-risk instruments as described under the heading “Liquidity and capital resources”.

Perspectives for 2011

In 2011, our focus is to maximize the global opportunities for *EGRIFTA*™ and tesamorelin. In order to do so we intend to:

- Support our commercial partner, EMD Serono, in commercializing *EGRIFTA*™ in the United States;
- Support our commercial partner, Sanofi, in seeking regulatory approval of *EGRIFTA*™ in Latin America, Africa and the Middle-East for potential commercialization;
- Support our commercial partner, Ferrer, in seeking regulatory approval of *EGRIFTA*™ in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries for potential commercialization;
- Assess expansion opportunities into other territories where *EGRIFTA*™ could be used for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy;
- Initiate a new clinical program evaluating tesamorelin in a new indication;
- Continue working on *EGRIFTA*™. We have developed a new presentation of *EGRIFTA*™ which is easier to use than its current presentation. This new presentation complies with one of the FDA’s post-approval requirements. See “Post-Approval Commitments”; and
- Develop a new formulation for *EGRIFTA*™ pursuant to our agreement with EMD Serono.

Selected Annual Information

Consolidated statement of comprehensive income YEARS ENDED NOVEMBER 30 (in thousands of Canadian dollars, except per share amounts)	2010	2009	2008[1]
Revenue[2]	$ 31,868	$ 17,468	$ 2,641
Research and development expenses, net of tax credits	$ 14,064	$ 20,810	$ 33,215
Results from operating activities	$ 6,663	$ (16,747)	$ (48,611)
Net financial income	$ 2,381	$ 1,591	—
Net profit (loss)	$ 8,930	$ (15,156)	$ (48,611)
Basic and diluted earnings (loss) per share	$ 0.15	$ (0.25)	$ (0.85)

Consolidated statement of financial position AT NOVEMBER 30 (in thousands of Canadian dollars)	2010	2009	2008[1]
Liquidities (cash and bonds)	$ 64,550	$ 63,362	$ 46,337
Tax credits and grants receivable	$ 332	$ 1,333	$ 1,784
Total assets	$ 71,651	$ 69,154	$ 53,545
Total share capital	$279,398	$279,169	$269,219
Total equity	$ 52,656	$ 43,048	$ 46,347

(1) We adopted IFRS in fiscal 2010 with a transition date of December 1, 2008. Consequently, the selected financial information for the year ended November 30, 2008, as presented in our 2009 Audited Consolidated Financial Statements, which were presented in conformity with Canadian GAAP, was not restated in terms of IFRS and accordingly, is not comparable with the information for fiscal 2010 and 2009. See “Conversion to IFRS” for the policy differences between Canadian GAAP and IFRS.

(2) Revenue in 2008 includes interest income of $2,427,000. Revenue in 2009 includes a milestone payment of $10,884,000 received from EMD Serono following the FDA’s acceptance to file our NDA for *EGRIFTA*™. Revenue in 2010 includes a milestone payment of $25,000,000 received from EMD Serono following marketing approval of *EGRIFTA*™ by the FDA.

Operating Results

Revenue

Our consolidated revenue for the year ended November 30, 2010 was $31,868,000, compared to $17,468,000 in 2009. The increased revenue in fiscal 2010 was related to the milestone payment of US$25,000,000 (C$25,000,000) received by us from EMD Serono on November 30, 2010 associated with the satisfaction of the condition of approval of *EGRIFTA*™ by the FDA. In fiscal 2009, a payment of US$10,000,000 (C$10,884,000) was received by us from EMD Serono following the acceptance by the FDA of the Company's NDA for *EGRIFTA*™ in conformity with the collaboration and licensing agreement with EMD Serono.

The initial payment of US$22,000,000 (C$27,097,000) received on December 15, 2008, upon the closing of the transaction with EMD Serono, has been deferred and is being amortized over its estimated service period of four years on a straight-line basis. For the year ended November 30, 2010, an amount of $6,846,000 related to this transaction was recognized as revenue. At November 30, 2010, the deferred revenue related to this transaction recorded on the consolidated statement of financial position amounted to $13,692,000.

We expect to generate revenue from sales of *EGRIFTA*™ to EMD Serono throughout fiscal 2011. We also expect to receive royalties on sales of *EGRIFTA*™ in the United States by EMD Serono beginning in the second quarter of fiscal 2011 upon receipt and confirmation of the sales report relating to the previous quarter. The royalty rate we receive from EMD Serono is based on the level of annual net sales achieved, with the rate increasing as higher levels of net sales are attained.

R&D Activities

For the year ended November 30, 2010, consolidated research and development ("R&D") expenses, net of tax credits, amounted to $14,064,000, compared to $20,810,000 in 2009, a decrease of 32.4%. The majority of R&D expenses incurred in fiscal 2010 are related to follow-up on work derived from the regulatory filing with the FDA, notably responding to the FDA's questions, and preparation for the FDA Advisory Committee meeting. In parallel with the United States FDA review, we continued to advance our regulatory filing in Europe and to work on a new presentation of the existing formulation of *EGRIFTA*™. Furthermore, we are in the process of evaluating the initiation of a new clinical program to develop tesamorelin for a new indication. In our discovery and preclinical groups, we continued to develop new peptides and to advance our preclinical program for acute kidney injury ("AKI"). In fiscal 2009, the expenses incurred were principally associated with completing the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy and the preparation of the NDA, which was submitted to the FDA in May 2009. The significant decline in R&D expenses was in accordance with our projected R&D expenses for fiscal 2010. We expect the amount of our R&D expenses for fiscal 2011 to be similar to those of 2010.

Cost of Sales

In fiscal 2010, we began producing through our third-party suppliers inventories in anticipation of the launch of *EGRIFTA*™ in the United States. Cost of sales in fiscal 2010 related to this activity amounted to $469,000 which includes a charge of $192,000, in order to value the inventories at their net realizable value. This write-down was due to raw materials that were not originally bought under the conditions of our current long-term procurement agreements. Cost of sales also included unallocated costs related to the production fees associated with the start-up of the manufacturing process. We expect the cost of sales to increase significantly over the next fiscal

year as sales of *EGRIFTA*™ grow and as we secure additional suppliers for raw materials and finished products.

General and Administrative Expenses

For the year ended November 30, 2010, general and administrative expenses were $8,002,000, compared to $6,543,000 for the same period in fiscal 2009.

The higher expenses for the year ended November 30, 2010 are primarily due to the cost and expenses associated with professional fees for the recruitment of the new President and Chief Executive Officer, increased corporate communication associated with the FDA Advisory Committee meeting and FDA approval, and conversion of our financial statements to IFRS, as well as costs and expenses related to variations in share-based compensation expenses. The expenses for the year ended November 30, 2009 include the costs associated with the revision of our three-year business plan which were not repeated in fiscal 2010.

Selling and Market Development Expenses

For the year ended November 30, 2010, selling and market development expenses were $2,670,000, compared to $6,862,000 in fiscal 2009.

The selling and market development expenses in fiscal 2010 are principally composed of business development expenses and market research outside the United States and the costs of managing the agreement with EMD Serono. In fiscal 2009, we incurred expenses totaling $4,269,000 in connection with professional fees related to the transaction with EMD Serono.

Net Financial Income

For the year ended November 30, 2010, interest income was $1,562,000 compared to $2,123,000 in fiscal 2009. The year-over-year decline is due to lower average cash positions and a decrease in yield on our bond portfolio. Receipt of the $25,000,000 milestone payment from EMD Serono in November 2010 strengthened the Company's cash position to a level comparable to that of year-end 2009. Finance costs in fiscal 2010 were a gain of $493,000 compared to an expense of $661,000 in fiscal 2009. Finance costs in fiscal 2010 benefited from a net foreign currency gain of $511,000 compared to a net foreign currency loss of $635,000 in 2009.

Net Results

Reflecting the changes in revenue and expenses described above, we realized a net profit of $8,930,000 ($0.15 per share) for the year ended November 30, 2010, compared to a net loss of $15,156,000 ($0.25 loss per share) for the same period in fiscal 2009. The net profit included revenue of $31,846,000 related to the collaboration and licensing agreement with EMD Serono.

Quarterly Financial Information

The following table is a summary of the unaudited consolidated operating results of the Company presented in accordance with IFRS for the last eight quarters.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**$ 26,717**	**$ 1,717**	**$ 1,717**	**$ 1,717**	$ 1,718	$ 12,601	$ 1,717	$ 1,432
Net profit (net loss)	**$ 21,299**	**$ (3,357)**	**$ (4,771)**	**$ (4,241)**	$ (4,654)	$ 5,779	$ (5,454)	$ (10,827)
Basic and diluted earnings (loss) per share	**$ 0.35**	**$ (0.06)**	**$ (0.08)**	**$ (0.07)**	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)

As described above, the higher revenue in the third quarter of 2009 is related to the milestone payment of $10,884,000 received from EMD Serono following the FDA's acceptance to file the Company's NDA for *EGRIFTA*TM. The higher revenue in the fourth quarter of 2010 is related to the receipt from EMD Serono of a milestone payment of $25,000,000 following marketing approval of *EGRIFTA*TM by the FDA.

Fourth Quarter Comparison

Consolidated revenue for the three-month period ended November 30, 2010, amounted to $26,717,000, compared to $1,718,000 for the same period in fiscal 2009. The higher revenue in the three-month period ended November 30, 2010 is related to the milestone payment of $25,000,000 received at the end of the fourth quarter, following marketing approval of *EGRIFTA*TM by the FDA in the United States.

Consolidated R&D expenses, net of tax credits, totaled $3,172,000 for the fourth quarter of 2010, compared to $4,212,000 for the same period in 2009, a decrease of 24.7%. The R&D expenses incurred in 2009 principally included expenses related to preparing for the FDA Advisory Committee meeting, which was held on May 27, 2010. The R&D expenses incurred in the fourth quarter of fiscal 2010 were mainly related to managing responses to the FDA's questions and the FDA approval process, in addition to the advancement of our regulatory filing in Europe and on a new presentation of the existing formulation of *EGRIFTA*TM. Furthermore, we are in the process of evaluating the initiation of a new clinical program to develop tesamorelin for a new indication. In our discovery and preclinical groups, we continued to develop new peptides and to advance our preclinical program in AKI.

General and administrative expenses were $2,036,000 in the fourth quarter of 2010, compared to $1,563,000 for the same period in 2009. The higher expenses for 2010 are principally related to the conversion of our financial statements to IFRS and FDA approval of *EGRIFTA*TM in the United States.

Selling and market development expenses amounted to $761,000 for the fourth quarter of 2010, compared to $1,069,000 for the same period in 2009. The sales and market development

expenses in fiscal 2010 are principally composed of business development expenses outside the United States and the costs of performing our obligations under the agreement with EMD Serono. The increased costs in 2009 were principally due to market development costs in Europe to increase the awareness of lipodystrophy as a disease.

Consequently, we recorded a net profit for the three-month period ended November 30, 2010, of $21,299,000 ($0.35 per share), compared to a net loss of $4,654,000 ($0.08 per share) for the same period in 2009.

In the three-month period ended November 30, 2010, cash flows from operating activities, excluding changes in operating assets and liabilities, was $22,037,000, compared to a use of cash of $4,333,000 for the same period in 2009.

Liquidity and Capital Resources

Our objective in managing capital is to ensure a sufficient liquidity position to finance our research and development activities, general and administrative expenses, working capital and capital spending.

To fund our activities, we have relied primarily on public offerings of common shares in Canada and private placements of our common shares as well as on up-front payments and milestone payments primarily associated with the agreement with EMD Serono. When possible, we try to optimize our liquidity position using non-dilutive sources, including investment tax credits, grants and interest income.

For the year ended November 30, 2010, cash flow from operating activities, excluding changes in operating assets and liabilities, was $11,160,000 compared to a use of cash of $13,547,000 in fiscal 2009. The cash flow generated in fiscal 2010 is principally related to payments received under the agreement with EMD Serono as well as decreases in R&D expenses and in selling and market development expenses.

At November 30, 2010, cash and bonds amounted to $64,550,000 and tax credits and grants receivable amounted to $332,000, for a total of $64,882,000.

At this time, apart from our unused $1,800,000 revolving credit facility, we do not have any additional arrangements for external debt financings, and are not certain whether any proposed debt financing in the future, would be available on acceptable terms, or available at all. We may seek additional capital through the incurrence of debt, the issuance of equity or other financing alternatives.

We invest our available cash in highly liquid fixed income instruments from governmental, municipal and paragovernmental bodies ($37,542,000 at November 30, 2010) as well as corporate bonds with high credit ratings ($359,000 at November 30, 2010).

In the year ended November 30, 2010, the Company received share subscriptions amounting to $15,000 ($96,000 in fiscal 2009) for the issuance of 2,880 common shares (34,466 in 2009) in connection with the share purchase plan. Under the terms of the agreement with EMD Serono, we issued 2,179,837 common shares for a cash consideration of US$8,000,000 (C$9,854,000) during the first quarter of 2009.

In fiscal 2010, our third-party suppliers began to manufacture inventory of *EGRIFTA*™ for commercialization in the United States. We expect to continue to build our inventory until we reach an adequate level of finished goods to meet the needs of our partners and this will significantly increase our working capital needs in fiscal 2011.

Contractual Obligations

Commitments

We rent our headquarters and main office pursuant to a lease expiring in April 2021. At November 30, 2010 and 2009, and at December 1, 2008, the minimum payments required under the terms of the non-cancellable lease were as follows:

(in thousands of Canadian dollars)	November 30, 2010	November 30, 2009	December 1, 2008
Less than one year	55	340	816
Between one and five years	2,239	2,020	340
More than five years	3,943	4,216	—
	6,237	6,576	1,156

Long-Term Procurement Agreements

During and after the years ended November 30, 2010 and 2009, we entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of *EGRIFTA*™.

Credit Facility

We have a $1,800,000 revolving credit facility, bearing interest at prime plus 0.5%. Under the term of the revolving credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000,000, we will provide the bank with a first rank movable hypothec (security interest) of $1,850,000 on securities judged satisfactory by the bank. As at November 30, 2010, we did not have any borrowings outstanding under this credit facility.

Post-Approval Commitments

In connection with its approval, the FDA has required the following three post-approval commitments:

- a single vial formulation of *EGRIFTA*™ (the development of a new presentation of the same formulation);
- a long-term observational safety study using *EGRIFTA*™; and
- a Phase 4 clinical trial using *EGRIFTA*™.

We have developed a new presentation of *EGRIFTA*™ which is more user-friendly than its current presentation because we expect it to be quicker and easier for a patient to manipulate. In the new presentation of the same formulation, *EGRIFTA*™ will be available as a single unit dose (one vial containing 2 mg of tesamorelin) of sterile, lyophilized powder to be reconstituted with

sterile water for injection. This new presentation complies with the first of the FDA's post-approval requirements. The FDA requires that this new presentation be available by November 2013.

The purpose of the long-term observational study required by the FDA is to evaluate the safety of long-term administration of *EGRIFTA*TM. The primary purpose of the Phase 4 clinical trial is to assess whether *EGRIFTA*TM has an impact on diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat. The FDA requires that the proposals for the long-term observational safety study and Phase 4 clinical trial be completed within six months of our having received approval to commercialize *EGRIFTA*TM. Under the terms of our collaboration and licensing agreement, EMD Serono is responsible for finalizing such proposals. We will continue to support EMD Serono in developing and finalizing such proposals.

Contingent Liability

On July 26, 2010, we received a motion of authorization to institute a class action lawsuit against the Company, a director and a former executive officer (the "Motion"). This Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose certain alleged adverse effects relating to the administration of *EGRIFTA*TM. The Company is of the view that the allegations contained in the Motion are entirely without merit and intends to take all appropriate actions to vigorously defend its position.

The Motion has not yet been heard by the Superior Court of Quebec and a date has not been set for the hearing.

The Company has subscribed to insurance covering its potential liability and the potential liability of its directors and officers in the performance of all their duties for the Company subject to a $200,000 deductible. At November 30, 2010, an amount of $96,000 in legal fees had been accrued and included in general and administrative expenses, of which $61,000 was paid during the year and $35,000 remained in accounts payable and accrued liabilities.

Off-Balance Sheet Arrangements

We were not involved in any off-balance sheet arrangements for the year ended November 30, 2010, with the exception of the lease of our headquarters as described above.

Subsequent Events

Distribution and Licensing Agreements

On December 6, 2010, we announced the signing of a distribution and licensing agreement with Sanofi covering the commercial rights for *EGRIFTA*TM in Latin America, Africa, and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Under the terms of the Agreement, we will sell *EGRIFTA*TM to Sanofi at a transfer price equal to the higher of a percentage of Sanofi's net selling price and a predetermined floor price. We have retained all future development rights to *EGRIFTA*TM and will be responsible for conducting

research and development for any additional potential indications. Sanofi will be responsible for conducting all regulatory activities for *EGRIFTA*™ in the aforementioned territories, including applications for approval in the different countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. We also granted Sanofi an option to commercialize tesamorelin for other indications in the territories mentioned above. If such option is not exercised, or is declined, by Sanofi, we may commercialize tesamorelin for such indications on our own or with a third-party.

On February 3, 2011, we entered into a distribution and licensing agreement with Ferrer covering the commercial rights for *EGRIFTA*™ for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Under the terms of the Agreement, we will sell *EGRIFTA*™ to Ferrer at a transfer price equal to the higher of a significant percentage of Ferrer's net selling price and a predetermined floor price. We have retained all development rights to *EGRIFTA*™ for other indications and will be responsible for conducting research and development for any additional programs. Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with *EGRIFTA*™ for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the agreement. We will be responsible for the manufacture and supply of *EGRIFTA*™ to Ferrer. We have the option to co-promote *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Ferrer has the option to enter into a co-development and commercialization agreement using tesamorelin relating to any such new indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development.

Deferred Share Unit Plan

In December 2010, we adopted a deferred share unit plan ("Plan") to provide long-term incentive compensation for our directors and executive officers. Under the Plan, directors must receive their annual remuneration as a board member in fully vested deferred share unites ("DSUs") until they reach a percentage of their annual remuneration and, once such percentage is attained, they have the option to elect to receive part or all of their annual remuneration in DSUs. Under the plan, executive officers have the option of receiving all or a portion of their annual bonus in the form of fully-vested DSUs. The units are only redeemable for cash when a participant ceases to be an employee or member of the Board of Directors. We manage the risk associated with the issuance of the DSU by entering into a yearly forward contract with a third-party. As at February 7, 2011**,** all of the 99,912 DSUs outstanding were covered by a prepaid forward contract.

Stock Option Plan

Between December 1, 2010 and February 7, 2011, the Company granted 250,000 options at an exercise price of $5.65 per share. Also, 27,832 options were forfeited and expired at a weighted exercise average price of $12.06 per share and 3,000 options were exercised at a weighted exercise average price of $1.80 per share for a cash consideration of $5,000.

Financial Risk Management

This section provides disclosure relating to the nature and extent of our exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how we manage those risks.

Credit Risk

The Company's exposure to credit risk currently relates to accounts receivables with only one customer (see note 4 of the Audited Consolidated Financial Statements). Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. We regularly monitor credit risk exposure and take steps to mitigate the likelihood of this exposure resulting in losses.

Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds. We invest our available cash in highly liquid fixed income instruments from governmental, paragovernmental and municipal bodies ($37,542,000 as at November 30, 2010) as well as from companies with high credit ratings ($359,000 as at November 30, 2010). As at November 30, 2010, we were not exposed to any credit risk over the carrying amount of the bonds.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage liquidity risk through the management of our capital structure, as outlined under "Liquidity and Capital Resources". We also manage liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves our operating and capital budgets, as well as any material transactions out of the ordinary course of business.

We have adopted an investment policy in respect of the safety and preservation of capital to ensure that our liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2010, are presented in notes 20 and 23 of the Audited Consolidated Financial Statements.

Currency Risk

We are exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of our business transactions denominated in currencies other than the Canadian dollar, primarily revenues from milestone payments and expenses for research and development incurred in U.S. dollars, euros and pounds sterling ("GBP"). We do not use derivative financial instruments to reduce our foreign exchange exposure.

We manage currency risk by maintaining cash in U.S. dollars on hand to support U.S. forecasted cash budgets for a maximum 12-month period. We do not currently view our exposure to the euro and GBP as a significant foreign exchange risk due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in consolidated statement of comprehensive income to vary from period to

period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of comprehensive income. Given our policy on the management of our U.S. foreign currency risk, we do not believe, a sudden change in foreign exchange rates would impair or enhance our ability to pay our U.S. dollar denominated obligations.

The following table provides significant items exposed to currency risk as at November 30, 2010:

(in thousands of dollars)	$US	EURO	November 30, 2010 GBP
Cash	26,424	—	1
Trade and other receivables	—	—	—
Accounts payable and accrued liabilities	(465)	(26)	(81)
Items exposed to currency risk	25,959	(26)	(80)

The following exchange rates applied during the year ended November 30, 2010:

	Average rate	Reporting date rate
$US — C$	1.0345	1.0266
EURO — C$	1.3848	1.3326
GBP — C$	1.6051	1.5969

In fiscal 2010, based on our foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have increased the net profit as follows, assuming that all other variables remained constant:

(in thousands of dollars)	$US	EURO	GBP
Increase in net profit	1,298	(1)	(4)

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Our short-term bonds are invested at fixed interest rates and/or mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that we will realize a

loss as a result of a decline in the fair value of our bonds is limited because these investments, although they are classified as available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of our short and long-term bonds at November 30, 2010, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $336,000; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities bear no interest.

Based on the average value of variable interest-bearing cash during year ended November 30, 2010 ($3,219,000), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and the net profit by approximately $16,000; an assumed decrease of 0.5% would have had an equal but opposite effect.

Financial Instruments

We have determined that the carrying values of our short-term financial assets and liabilities, including cash, trade and other receivables as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds are stated at estimated fair value, determined by inputs that are primarily based on broker quotes at the reporting date (level 2 inputs — see note 22 — Determination of fair values).

Critical Accounting Estimates

Use of Estimates and the Exercise of Judgment

The preparation of our Audited Consolidated Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes to the Audited Consolidated Financial Statements:

Note 4 — Revenue and deferred revenue
Note 15 (iv) — Stock option plan
Note 16 — Income taxes
Note 18 — Contingent liability

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and the anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Conversion to IFRS

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, would converge with IFRS, for financial periods beginning on and after January 1, 2011 with the option to early adopt IFRS upon receipt of approval from the Canadian Securities regulatory authorities. In the fourth quarter, we filed a request to adopt IFRS two years in advance of the date required under the AcSB, using December 1, 2008 as the date of transition and December 1, 2009 as the changeover date. Our request was granted and as a result, the consolidated financial statements for the year ended November 30, 2010 are our first annual financial statements prepared in conformity with IFRS.

Because we had previously filed financial statements and MD&As for the first, second and third quarters of 2010 with comparisons to 2009 in accordance with Canadian GAAP, these statements were restated and re-filed on February 8, 2011 to reflect our adoption of IFRS. Periods prior to December 1, 2008 have not been restated.

In preparing these first IFRS financial statements, we used the IFRS accounting policies in effect as at November 30, 2010, including IFRS 1 — *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). IFRS 1 provides guidance for an entity's initial adoption of IFRS and outlines that, in general, an entity applies the principles under IFRS retrospectively with adjustments arising on conversion from Canadian GAAP to IFRS being directly recognized in retained earnings as of the beginning of the first comparative financial statements presented. IFRS 1 also requires companies adopting IFRS to reconcile equity and net earnings from the previously reported Canadian GAAP amounts to the restated IFRS amounts. Our reconciliation of equity under Canadian GAAP as at December 1, 2008, the date of transition, and as at November 30, 2009 to the restated IFRS amounts are included in note 27 of the consolidated financial statements, as is the reconciliation of comprehensive income for the year-ended November 30, 2009.

IFRS 1 also provides certain optional exemptions from retrospective application of certain IFRS requirements as well as mandatory exceptions which prohibit retrospective application of standards.

We elected to apply the following optional exemptions from full retrospective application:

(i) IFRS 2 — Share-based Payment: IFRS 1 encourages the application of IFRS 2 *, Share-based Payment* provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that were not vested by the transition date. As permitted by this exemption, the Company applied IFRS 2 only to equity instruments granted after November 7, 2002 that were not vested by December 1, 2008.

(ii) Designation of financial assets and financial liabilities exemption: we elected to redesignate cash from the held for trading category to loans and receivables.

We also followed the mandatory exemptions applicable to the Company as described below:

Estimates — Hindsight cannot be used to create or revise estimates. Estimates previously made under Canadian GAAP cannot be revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Impact of IFRS on the Company's Financial Statements

The adoption of IFRS resulted in some changes to our accounting policies that were applied in the recognition, measurement and disclosure of balances and transactions in our financial statements. However, none of the changes to our accounting policies resulted in significant changes to line items within our financial statements.

The following provides a summary of our evaluation of important changes to accounting policies in key areas:

IFRS 2, Share-based Payment ("IFRS 2")

Under IFRS, when stock option awards vest gradually, each tranche is to be considered as a separate award, while under Canadian GAAP, companies can make a policy choice to consider gradually vested tranches as a single award. Similarly, the IFRS standard requires that forfeiture estimates be established at the time of the initial fair value assessment of share-based payments rather than to account for the forfeitures as they occur. Therefore, the compensation expense will have to be recognized over the expected term of each tranche and take into account the impact of the differences in accounting for forfeitures. As a result of this change, an amount of $175,000 was recorded to deficit at the transition date, with the counterpart to contributed surplus.

IAS 36, Impairment of Assets ("IAS 36")

Under Canadian GAAP impairment standards for non-financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. IAS 36 requires a write-down to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use, is less than carrying value. We performed impairment testing as of December 1, 2008 and concluded that no impairment charge was required under IFRS. No impairment indicators were identified for the period between the transition date and November 30, 2009 and November 30, 2010. IAS 36 also permits the reversal of certain impairment charges where conditions have changed. We reviewed past impairment charges and concluded that there was no justification for reversal of past impairment charges.

IAS 1, Presentation of Financial Statements ("IAS 1")

Financial statement presentation is addressed in conjunction with the related IFRS standards. Certain additional disclosures were required in the notes to the financial statements and the statement of comprehensive income was modified to reflect a presentation by function. The reclassifications required as a result of this change are described in note 27 (c) of the consolidated financial statements.

Other Standards

Our examination of all other standards, including for example, IAS 21 — The Effects of Changes in Foreign Exchange Rates, IAS 37 — Provisions, Contingent Liabilities and Contingent Assets, and IAS 18 — Revenue, revealed no significant adjustment was necessary other than enhanced disclosures.

Note 27 of the consolidated financial statements for the year ended November 30, 2010 contains a detailed description of our conversion to IFRS, including a line-by-line reconciliation of our financial statements previously prepared under Canadian GAAP to those under IFRS as at November 30, 2009 and December 1, 2008.

Impact on the Business

The impact of the conversion to IFRS on the Company was minimal and therefore resulted in a limited number of adjustments. Our systems easily accommodated the required changes. Our internal controls and disclosure controls and procedures did not require significant modification as a result of its conversion to IFRS. Furthermore, there was no impact on our contractual arrangements or compliance thereto.

Impact on Information Systems and Technology

The transition had minimal impacts on our information systems. The areas where information systems were most impacted were minor modifications to certain general ledger accounts, sub-ledgers and end-user reports to accommodate IFRS accounting adjustments, recording, and heightened disclosures.

Impact on Internal Control over Financial Reporting and Disclosure Controls and Procedures

Our internal controls over financial reporting were also not significantly affected by the transition to IFRS. The IFRS differences required presentation and process changes to report more detailed information in the notes to the financial statements, as well as certain changes to the recognition and measurement practices. Disclosure controls and procedures were adapted to take into consideration the changes in recognition, measurement and disclosure practices but the impact was minimal as well.

Impact on Financial Reporting Expertise

Training and education was provided to all members of the finance team who are directly affected by the transition to IFRS. This training focused mainly on the process changes required and an overview of the reasons behind the changes from a standards perspective.

New accounting policies

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretation Committee that are mandatory for annual periods beginning after January 1, 2010 or later periods. Many of these updates are not applicable or are inconsequential to us and have been excluded from the discussion below. The remaining pronouncements are being assessed to determine their impact on our results and financial position:

Annual improvements to IFRS

The IASB's improvements to IFRS published in April 2009 contain fifteen amendments to twelve standards that result in accounting changes for presentation, recognition or measurement purposes largely for annual periods beginning on or after January 1, 2010, with early adoption permitted. These amendments were considered by the Company and deemed to be not applicable to the Company other than for the amendment to IAS 17 — Leases relating to leases which include both land and buildings elements. In this case, the Company early adopted this amendment.

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010 are included under the specific revisions to standards discussed below.

(i) IFRS 3:

Revision to IFRS 3, Business Combinations:

Effective for annual periods beginning on or after July 1, 2010 with earlier adoption permitted.

Clarification on the following areas:

- the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.
- application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced awards (i.e., unexpired awards over the acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

(ii) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Effective for annual periods beginning on or after January 1, 2011 with earlier adoption permitted.

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

(iii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Effective for annual periods beginning on or after January 1, 2011 with earlier adoption permitted.

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iv) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

Effective for annual periods beginning on or after January 1, 2011 with earlier adoption permitted.

The 2008 revisions to this standard resulted in consequential amendments to IAS 21,

The Effects of Changes in Foreign Exchange Rates , IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

(v) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

Effective for annual periods beginning on or after January 1, 2011 with earlier adoption permitted.

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to

fair value measurements and the need to update relevant information from the most recent annual report.

New or revised standards and interpretations

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IAS 24:

Amendments to IAS 24, Related Party Disclosures:

Effective for annual periods beginning on or after January 1, 2011 with earlier adoption is permitted.

There are limited differences in the definition of what constitutes a related party; however, the amendment requires more detailed disclosures regarding commitments.

(ii) IFRS 8:

IFRS 8, Operating Segments:

Effective for annual periods beginning on or after January 1, 2010. Requires purchase information about segment assets.

(iii) IFRS 9:

New standard IFRS 9, Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value
- classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

Outstanding share data

At February 7, 2011, the common shares issued and outstanding were 60,515,764 while outstanding options granted under the stock option plan were 3,068,306.

Disclosure controls and procedures and internal control over financial reporting

As at November 30, 2010, an evaluation of the design and operating effectiveness of our disclosure controls and procedures, as defined in the rules of Canadian Securities Administrators, was carried out. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer concluded that the design and operating effectiveness of those disclosure controls and procedures were effective.

Also as November 30, 2010, an evaluation of the design and operating effectiveness of internal controls over financial reporting, as defined in the rules of the Canadian Securities Administrators, was carried out to provide reasonable assurance regarding the reliability of financial reporting and financial statement compliance with IFRS. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer concluded that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were based on the framework established in *Internal Control —Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, a recognized control model, and the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators. A disclosure committee comprised of members of senior management assists the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer in their responsibilities.

All control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that our disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. There were no changes in our internal controls over financial reporting that occurred during the year ended November 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Risks and uncertainties

Investors should understand that we operate in a high risk industry. We have identified the following risks and uncertainties that may have a material adverse effect on our business, financial condition or operating results. Investors should carefully consider the risks described below before purchasing our securities. The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations. Our business could be harmed by any of these risks.

Risks Related to the Commercialization of our Product and Product Candidates

Our commercial success depends largely on the commercialization of EGRIFTA™; the failure of EGRIFTA™ to obtain commercial acceptance would have a material adverse effect on us.

Our ability to generate revenues in the future is primarily based on the commercialization of *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the U.S. market alone. Although we have entered into a collaboration and licensing agreement with EMD Serono for the commercialization of *EGRIFTA*™ in the United States, there can be no assurance that *EGRIFTA*™ will be successfully commercialized in the United States, or in any other country. Although we are developing other peptides, all of them are at earlier stages of development and none of them may reach the clinical trial phase, obtain regulatory approval or, even if approved, be successfully commercialized.

The overall commercialization success of *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors, including:

- receipt of regulatory approvals for *EGRIFTA*™ from regulatory agencies in the territories other than the United States in which we wish to expand the commercialization of tesamorelin;
- market acceptance of EGRIFTA™ by the medical community, patients and third- party payors (such as governmental health administration authorities and private health coverage insurers);
- the amount of resources devoted by our commercial partners to commercialize *EGRIFTA*™ in their respective territories;
- maintaining manufacturing and supply agreements to ensure the availability of commercial quantities of EGRIFTA ™ through validated processes;
- the number of competitors in our market; and
- protecting and enforcing our intellectual property and avoiding patent infringement claims.

The inability to commercialize *EGRIFTA*™ in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term would delay our capacity to generate revenues and would have a material adverse effect on our financial condition and operating results.

We are or will be dependent on a limited number of collaboration and licensing agreements for the commercialization of EGRIFTA ™ in the United States, Europe, Latin America, Africa and the Middle East. These agreements place the commercialization of EGRIFTA™ in these markets outside of our control.

Although our collaboration and licensing agreements with EMD Serono, Sanofi and Ferrer contain provisions governing their respective responsibilities as partners for the commercialization of *EGRIFTA*™ in their respective territories, our dependence on these partners to commercialize *EGRIFTA*™ is subject to a number of risks, including:

- our limited control of the amount and timing of resources that our commercial partners will be devoting to the commercialization, marketing and distribution of tesamorelin, including obtaining patient reimbursement for *EGRIFTA*™, which could adversely affect our ability to obtain or maximize our royalty payments;
- disputes or litigation that may arise between us and our commercial partners, which could adversely affect the commercialization of tesamorelin, all of which would divert our management's attention and our resources;
- our commercial partners not properly defending our intellectual property rights or using them in such a way as to expose us to potential litigation, which could, in both cases, adversely affect the value of our intellectual property rights; and
- corporate reorganizations or changes in business strategies of our commercial partners, which could adversely affect a commercial partner's willingness or ability to fulfill its obligations under its respective agreement.

Our collaboration and licensing agreements may be terminated by our partners in the event of a breach by us of our obligations under such agreements, including our obligation to supply *EGRIFTA*™ , for which we rely on third parties. Our collaboration and licensing agreement with EMD Serono can also be terminated by EMD Serono for their convenience on 180 days notice to us. Such a termination could have an adverse effect on our revenues related to the commercialization of *EGRIFTA*™ in the United States. In addition, EMD Serono has listed a patent held by one of its affiliates in the Orange Book under the Hatch-Waxman Act with respect to *EGRIFTA*™ in HIV-associated lipodystrophy. In the event of a termination of our agreement with EMD Serono, EMD Serono could assert that such patent would be infringed by our continued sale of *EGRIFTA*™ in the United States. Any such assertion would divert our management's attention and could have a material adverse effect on our results of operations.

If any one of our commercial partners terminates their agreement with us or fails to effectively commercialize *EGRIFTA*™, for any of the foregoing or other reasons, we may not be able to replace the commercial partner and any of these events would have a material adverse effect on our business, results of operations and our ability to achieve future profitability, and could cause our stock price to decline.

We rely on third parties for the manufacture and supply of EGRIFTA ™ and tesamorelin and such reliance may adversely affect us if the third parties are unable or unwilling to fulfill their obligations.

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process

controls. We do not own or operate manufacturing facilities for the production of tesamorelin or any of our other product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on third parties to manufacture and supply all of our required raw materials, drug substance and drug product for our preclinical research, clinical trials and commercial sales. For tesamorelin for clinical studies and *EGRIFTA*™ for commercial sales, we are currently using, and relying on, single suppliers and single manufacturers for starting materials and the final drug substance. Although potential alternative suppliers and manufacturers have been identified, we have not qualified these vendors to date and no assurance can be given that such suppliers will be qualified in the future or receive necessary regulatory approval.

Our reliance on third-party manufacturers exposes us to a number of risks. We may be subject to delays in or suspension of the manufacturing of *EGRIFTA*™ and tesamorelin if a third-party manufacturer:

- becomes unavailable to us for any reason, including as a result of the failure to comply with good manufacturing practices, or GMP, regulations;
- experiences manufacturing problems or other operational failures, such as equipment failures or unplanned facility shutdowns required to comply with GMP or damage from any event, including fire, flood, earthquake, business restructuring or insolvency; or
- fails to perform its contractual obligations under our agreement, such as failing to deliver the quantities requested on a timely basis.

Any delay in or suspension of the supply of *EGRIFTA*™ could delay or prevent the sale of *EGRIFTA*™ and, accordingly, adversely affect our revenues and results of operations. In addition, any manufacturing delay or delay in delivering *EGRIFTA*™ may result in our being in default under our collaboration agreements. If the damage to a supplier's manufacturer facility is extensive, or, for any reason, it does not operate in compliance with GMP or the third-party manufacturer is unable or refuses to perform its obligations under our agreement, we would need to find an alternative third-party manufacturer. The selection of a replacement third-party manufacturer would be time-consuming and costly since we would need to validate the manufacturing facility of such new third-party manufacturer. The validation process would include an assessment of the capacity of such third-party manufacturer to produce the quantities that we may request from time to time, the manufacturing process and its compliance with GMP. In addition, the third-party manufacturer would have to familiarize itself with our technology. Any delay in finding an alternative third-party manufacturer of tesamorelin and *EGRIFTA*™ could result in a shortage of such analogue or product, which could materially adversely affect our business and results of operations.

Even though we have received regulatory approval for EGRIFTA ™ in the United States, we still may not be able to successfully commercialize it if we do not gain market acceptance and the revenue that we generate from its sales, if any, may be limited.

The commercial success of *EGRIFTA*™ or any future products for which we obtain marketing approval from the FDA or other regulatory authorities, will depend upon the acceptance of such product by the medical community, including physicians, patients and health care payors. The degree of market acceptance of any of our products will depend on a number of factors, including:

- acceptance of the product by physicians and patients as safe and effective treatments and addressing a significant unmet medical need;
- product price;
- the effectiveness of our sales and marketing efforts (or those of our commercial partners);
- storage requirements and ease of administration;
- dosing regimen;
- safety and efficacy;
- prevalence and severity of side effects;
- competitive products;
- the ability to obtain and maintain sufficient third-party coverage or reimbursement from government health care programs, including Medicare and Medicaid, private health insurers and other third-party payors; and
- the willingness and ability of patients to pay out-of-pocket in the absence of third- party coverage.

If *EGRIFTA*™ does not achieve an adequate level of acceptance by physicians, health care payors and patients, we may not generate sufficient revenue from this product, and we may not be able to achieve profitability. Our efforts, and the efforts of our commercial partners, to educate the medical community and third-party payors on the benefits of tesamorelin may require significant resources and may never be successful.

We have no internal sales, marketing or distribution capabilities so we must rely on strategic alliance agreements with third parties for the sale and marketing of EGRIFTA™ or any future products.

We currently have no internal sales, marketing or distribution capabilities and we rely on our commercial partners to market and sell *EGRIFTA*™ in their respective territories. Our agreements with our commercial partners contain termination provisions which, if exercised, could delay or suspend the commercialization of *EGRIFTA*™ or any future products.

In the event of any such termination, in order to continue commercialization, we would be required to build our own sales force or enter into agreements with third parties to provide such capabilities. We currently have limited marketing capabilities and we have limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience we have in this area. To the extent we develop a sales force, we could be competing against companies that have more experience in managing a sales force than we have and that have access to more funds than we with which to manage a sales force. Consequently, there can be no assurance that a sales force which we develop would be efficient and would maximize the revenues derived from the sale of *EGRIFTA*™ or any future products.

We are substantially dependent on revenues from EGRIFTA TM.

Our current and future revenues depend substantially upon sales of *EGRIFTA*TM by our commercial partners, EMD Serono, Sanofi and Ferrer. Any negative developments relating to this product, such as safety or efficacy issues, the introduction or greater acceptance of competing products, including those marketed and sold by our commercial partners, or adverse regulatory or legislative developments, would have a material adverse effect on our business, prospects and results of operations. Although we continue to develop additional product candidates for commercialization, we expect to be substantially dependent on sales from *EGRIFTA*TM for the foreseeable future. A decline in sales from this product would adversely affect our business.

Our levels of revenues are highly dependent on obtaining patient reimbursement for EGRIFTA TM.

Market acceptance and sales of *EGRIFTA*TM will substantially depend on the availability of reimbursement from third party payors such as governmental authorities, including U.S. Medicare and Medicaid, managed care providers, and private insurance plans and may be affected by healthcare reform measures in the United States and elsewhere. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and these third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Increasingly, third-party payors have been challenging the prices charged for products.

Under our agreements with our commercial partners, they are responsible for seeking reimbursement of *EGRIFTA*TM in their respective territories and as a result we have no control over whether or what level of reimbursement is achieved.

We cannot be sure that reimbursement by insurers, government or other third parties will be available for *EGRIFTA*TM and, if reimbursement is available, the level of reimbursement provided to patients. Reimbursement may impact the demand for, or the price of, *EGRIFTA*TM and our future products for which we obtain marketing approval. If reimbursement is not available or is available only in limited amount, our commercial partners may not be able to successfully commercialize *EGRIFTA*TM or our future products and it will have a material adverse effect on our revenues and royalties, business and prospects.

A variety of risks associated with our international business relationships could materially adversely affect our business.

International business relationships in the United States, Europe, Latin America, Africa, the Middle East and elsewhere subject us to additional risks, including:

- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights;
- potential third-party patent rights in foreign countries;

- the potential for so-called parallel importing, which is what happens when a local seller, faced with high or higher local prices, opts to import goods from a foreign market, with low or lower prices, rather than buying them locally;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability, particularly in foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- foreign taxes;
- foreign exchange contracts and foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States and Canada;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks of international business relationships may materially adversely affect our business, prospects, results of operations and financial condition.

Governments outside the United States tend to impose strict price controls, which may adversely affect our revenues, if any.

In several countries, including countries which are in Europe, Latin America, Africa, and the Middle East, the pricing of prescription drugs may be subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time and delay the marketing of a product. To obtain reimbursement or pricing approval in some countries, a clinical trial that compares the cost-effectiveness of a product candidate to other available therapies may be required. If reimbursement of our product is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our commercial partners may not be willing to devote resources to market and commercialize *EGRIFTA*™ or may decide to cease marketing such product. In such case, our business, prospects and results of operations could be materially adversely affected.

We face competition and the development of new products by other companies could materially adversely affect our business and products.

The biopharmaceutical and pharmaceutical industries are highly competitive and we must compete with pharmaceutical companies, biotechnology companies, academic and research institutions as well as governmental agencies for the development and commercialization of

products, most of which have substantially greater financial, technical and personnel resources than us. Although we believe that we have no direct competitors for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, we could face indirect competition from other companies developing and/or commercializing metabolic products and/or other products that reduce or eliminate the occurrence of lipodystrophy.

In the other clinical programs that we are currently evaluating for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which we are evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to ours. In addition, some of these competitors could be more experienced than we are in the development and 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 our products and which could be commercialized more rapidly and effectively than our products.

If we fail to comply with government regulations regarding the import and export of products and raw materials, we could be subject to fines, sanctions and penalties that could adversely affect our ability to operate our business.

We import and export products and raw materials from and to several jurisdictions around the world. This process requires us and our commercial partners to operate in a number of jurisdictions with different customs and import/export regulations. The regulations of these countries are subject to change from time to time and we cannot predict the nature, scope or impact of these changes upon our operations. We and our commercial partners are subject to periodic reviews and audits by U.S. and foreign authorities responsible for administering these regulations. To the extent that we or our commercial partners are unable to successfully defend against an audit or review, we may be required to pay assessments, penalties and increased duties, which may, individually or in the aggregate, negatively impact our business, operating results and financial condition.

Risks Related to the Regulatory Review Process

Even after regulatory approval has been obtained regulatory agencies may impose limitations on the indicated uses for which our products may be marketed, subsequently withdraw approval or take other actions against us that would be adverse to our business.

Even though we have obtained marketing approval of *EGRIFTA*™ in the United States, the FDA and regulatory agencies in other countries have the ability to limit the indicated use of a product. Also, the manufacture, marketing and sale of our products will be subject to ongoing and extensive governmental regulation in the country in which we intend to market our products. For example, although we obtained marketing approval of *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States, the marketing of *EGRIFTA*™ will be subject to extensive regulatory requirements administered by the FDA, such as adverse event reporting and compliance with marketing and promotional requirements. The FDA has also requested that we comply with certain post-approval requirements in connection with the approval of *EGRIFTA*™ for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, namely, the development of a single vial formulation of *EGRIFTA*™ (the development of a new presentation of the same formulation), a long-term observational

safety study using *EGRIFTA*™; and a Phase 4 clinical trial. Although we have received marketing approval from the FDA of tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that regulatory agencies in other countries will approve tesamorelin for this treatment in their respective countries.

Our third party manufacturing facilities for *EGRIFTA*™ will also be subject to continuous reviews and periodic inspections and approval of manufacturing modifications by regulatory agencies, including the FDA. The facilities must comply with GMP regulations. The failure to comply with FDA requirements can result in a series of administrative or judicial sanctions or other setbacks, including:

- restrictions on the use of the product, manufacturers or manufacturing processes;
- warning letters;
- civil or criminal penalties;
- fines;
- injunctions;
- product seizures or detentions;
- import or export bans or restrictions;
- product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new product candidates or supplements to approved applications.

Addressing any of the foregoing or any additional requirements of the FDA or other regulatory authorities may require significant resources and could impair our ability to successfully commercialize our product candidates.

To date, we do not have the required regulatory approvals to commercialize EGRIFTA ™ outside of the United States and cannot guarantee that we will obtain such regulatory approvals or that any of our product candidates will be approved for commercialization in any country, including the United States.

The commercialization of *EGRIFTA*™ outside of the United States and our future products first requires the approval of the regulatory agencies in each of the jurisdictions where we intend to sell such products. In order to obtain the required approvals, we must demonstrate, following preclinical and clinical studies, the safety, efficacy and quality of a product.

The rules and regulations relating to the approval of a new drug are complex and stringent. Although we have received marketing approval in the United States from the FDA for *EGRIFTA*™, there can be no guarantee that regulatory agencies in other territories will approve *EGRIFTA*™ in their respective countries.

All of our product candidates are subject to preclinical and clinical studies. If the results of such studies are not positive, we may not be in a position to make any filing to obtain the regulatory approval for the product candidate or, even where a product candidate has been filed for approval, we may have to conduct additional clinical trials or testing on such product candidate in an effort to obtain results that further support the safety and efficacy of such product candidate. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product candidate.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product candidate subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, denied. If *EGRIFTA*TM is not approved by the appropriate regulatory agencies for commercialization outside of the United States, our capacity to generate revenues in the long-term will be impaired and this will have an adverse effect on our financial condition and our operating results.

Obtaining regulatory approval is subject to the discretion of regulatory agencies in each relevant jurisdiction. Therefore, even if we obtain regulatory approval from one agency, or succeed in filing the equivalent of a new drug application, or NDA, in other countries, or have obtained positive results relating to the safety and efficacy of a product candidate, a regulatory agency may not accept the filing or the results contained therein as being conclusive evidence of the safety and efficacy of a product candidate in order to allow us to sell the product candidate in its country. A regulatory agency may require that additional tests on the safety and efficacy of a product candidate be conducted prior to granting approval of such product candidate. These additional tests may delay the approval of such product candidate, can have a material adverse effect on our financial condition and results of operations based on the type of additional tests to be conducted and may not necessarily lead to the approval of the product candidate.

We have only obtained FDA approval for EGRIFTA TM and we must complete several preclinical studies and clinical trials for our other product candidates which may not yield positive results and, consequently, could prevent us from obtaining regulatory approval.

If any of our preclinical studies or clinical trials fail to show positive efficacy data or result in adverse patient reactions, we may be required to perform additional preclinical studies or clinical trials, to extend the term of our studies and trials, to increase the number of patients enrolled in a given trial or to undertake ancillary testing. Any of these events could cause an increase in the cost of product development, delay filing of an application for marketing approval or result in the termination of a study or trial and, accordingly, could cause us to cease the development of a product candidate. In addition, the future growth of our business could be negatively impacted since there can be no guarantee that we will be able to develop new compounds, license or purchase compounds or product candidates that will result in marketed products.

Recently enacted and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval for our product candidates, restrict or regulate post-approval

activities and affect our ability to profitably sell *EGRIFTA*™ or any of our other product candidates for which we intend to seek marketing approval.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We are not sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

In the United States, the Medicare Modernization Act, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for drug purchases by the elderly and introduced a new reimbursement methodology based on average sales prices for drugs. In addition, this legislation authorized Medicare Part D prescription drug plans to use formularies where they can limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of this legislation could decrease the coverage and sales price that we receive for *EGRIFTA*™ or any other approved products and could seriously harm our business. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors.

More recently, in March 2010, U.S. President Obama signed into law the Health Care Reform Law, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. Effective October 1, 2010, the Health Care Reform Law revised the definition of "average manufacturer price" for reporting purposes, which could increase the amount of Medicaid drug rebates to states. Further, beginning in 2011, the new law imposes a significant annual fee on companies that manufacture or import branded prescription drug products. We will not know the full effects of the Health Care Reform Law until applicable U.S. federal and state agencies issue regulations or guidance under the new law. Although it is too early to determine the effect of the Health Care Reform Law, the new law appears likely to continue to apply the pressure on pharmaceutical pricing. Pressure on pharmaceutical pricing may adversely affect the amount of our royalties in the United States.

Risks Related to Our Intellectual Property

Our failure to protect our intellectual property may have a material adverse effect on our ability to develop and commercialize our products.

We will be able to protect our intellectual property rights from unauthorized use by third parties only to the extent that our intellectual property rights are covered and protected by valid and enforceable patents or are effectively maintained as trade secrets. We try to protect our intellectual property position by, among other things, filing patent applications related to our

proprietary technologies, inventions and improvements that are important to the development of our business.

Because the patent position of pharmaceutical companies involves complex legal and factual questions, the issuance, scope, validity, and enforceability of patents cannot be predicted with certainty. Patents, if issued, may be challenged, invalidated or circumvented. If our patents are invalidated or found to be unenforceable, we would lose the ability to exclude others from making, using or selling the inventions claimed. Moreover, an issued patent does not guarantee us 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 us from developing our product candidates, selling our products or commercializing our patented technology. Thus, patents that we own may not allow us to exploit the rights conferred by our intellectual property protection.

Our pending patent applications may not be issued or granted as patents. Even if issued, they may not be issued with claims of sufficient breadth to protect our product candidates and technologies or may not provide us with a competitive advantage against competitors with similar products or technologies. Furthermore, others may independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means. In addition, the laws of many countries do not protect intellectual property rights to the same extent as the laws of Canada, the United States and the European Patent Convention, and those countries may also lack adequate rules and procedures for defending intellectual property rights effectively.

Although we have received patents from the United States Patent and Trademark Office, or USPTO, for the treatment of HIV-related lipodystrophy with tesamorelin, there can be no guarantee that, in the other countries where we filed patent applications for the treatment of HIV-related lipodystrophy, we will receive a patent or obtain granted claims of similar breadth to those granted by the USPTO.

We also rely on trade secrets, know-how and technology, which are not protected by patents, to maintain our competitive position. We try to protect this information by entering into confidentiality agreements with parties who have access to such confidential information, such as our current and prospective suppliers, distributors, manufacturers, commercial partners, employees and consultants. Any of these parties may breach the agreements and disclose confidential information to our competitors. It is possible that a competitor will make use of such information, and that our competitive position could be disadvantaged.

Enforcing a claim that a third party infringes on, has illegally obtained or is using an intellectual property right, including a trade secret or know-how, is expensive and time-consuming and the outcome is unpredictable. In addition, enforcing such a claim could divert management’s attention from our business. If any intellectual property right were to be infringed, disclosed to or independently developed by a competitor, our competitive position could be harmed. Any adverse outcome of such litigation or settlement of such a dispute could subject us to significant liabilities, could put one or more of our patents at risk of being invalidated or interpreted narrowly, could put one or more of our patents at risk of not issuing, or could facilitate the entry of generic products. Any such litigation could also divert our research, technical and management personnel from their normal responsibilities.

Our ability to defend ourselves against infringement by third parties of our intellectual property in the United States with respect to tesamorelin for the treatment of HIV-related lipodystrophy

depends, in part, on our commercial partner's decision to bring an action against such third party. Under the terms and conditions of our collaboration and licensing agreement with EMD Serono, EMD Serono has the first right to bring an action against a third party for infringing our patent rights with respect to tesamorelin for the treatment of HIV-related lipodystrophy. Any delay in pursuing such action or in advising us that it does not intend to pursue the matter could decrease sales, if any, of tesamorelin for the treatment of HIV-related lipodystrophy and adversely affect our revenues.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, confidential information may be disclosed, inadvertently or as ordered by the court, in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure would provide our competitors with access to our proprietary information and may harm our competitive position.

Our commercial success depends, in part, on our ability not to infringe on third party patents and other intellectual property rights.

Our capacity to commercialize our product candidates, and more particularly tesamorelin, will depend, in part, upon our ability to avoid infringing third party patents and other third party intellectual property rights. The biopharmaceutical and pharmaceutical industries have produced a multitude of patents and it is not always easy for participants, including us, to determine which patents cover various types of products, processes of manufacture 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 fact that we own patents for tesamorelin and for the treatment of HIV-related lipodystrophy does not guarantee that we are not infringing one or more third-party patents and there can be no guarantee that we will not infringe or violate third-party patents and other third-party intellectual property rights in the United States or other jurisdictions.

Patent analysis for non-infringement is based in part on a review of publicly available databases. Although we review from time to time certain databases to conduct patent searches, we do not have access to all databases. It is also possible that we will not have reviewed some of the information contained in the databases or we found it to be irrelevant at the time we conducted the searches. In addition, because patents take years to issue, there may be currently pending applications that have not yet been published or that we are unaware of, which may issue later as patents. As a result, there can be no guarantee that we 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 we infringe such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that we would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would divert management's attention from the daily execution of our business plan. Litigation implies that a portion of our financial assets would be used to sustain the costs of litigation instead of being allocated to further the development of our business.

If we are involved in patent infringement litigation, we would need to prevail in demonstrating that our products do not infringe the asserted patent claims of the relevant patent, that the patent claims are invalid or that the patent is unenforceable. If we are found to infringe a third-party

patent or other intellectual property right, we could be required to enter into royalty or licensing agreements on terms and conditions that may not be favourable to us, and/or pay damages, including up to treble damages in the United Sates (for example, if found liable of wilful infringement) and/or cease the development and commercialization of our product candidates. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property and to compete with us.

We have not been served with any notice alleging that we infringe a third-party patent, but there may be issued patents that we are unaware of that our products may infringe, or patents that we believe we do not infringe but ultimately could be found to infringe. We are aware of third-party patents for the reduction of accumulation of fat tissue in HIV patients and, if a patent infringement suit was brought against us, we believe that we should not be found to infringe any valid claims of these patents. If we were to challenge the validity of a competitor's issued United States patent in a United States court, we would need to overcome a statutory presumption of validity that attaches to every United States patent. This means that, in order to prevail, we would have to present clear and convincing evidence as to the invalidity of the patent's claims. We cannot guarantee that a court would find in our favour on questions of infringement and validity. Any finding that we infringe or violate a third-party patent or other intellectual property right could materially adversely affect our business, financial condition and operating results.

Other Risks Related to Our Business

We have a history of net losses and we may never achieve high profitability.

We have been reporting losses since our inception (except for the financial years ended November 30, 2010, 2001 and 2000) and, as at November 30, 2010, we had an accumulated deficit of $235,116,000. We do not expect to generate significant recurrent revenues sufficient to cover our overall activities in the immediate future. As a result of the foregoing, we will need to generate significant revenues to achieve profitability.

Our profitability will depend on, among other things, our commercial partners' ability and willingness to successfully commercialize *EGRIFTA*™ and to obtain regulatory approval for the use of tesamorelin in the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Latin America, Africa and the Middle East. However, there is no guarantee that our commercial partners will succeed in commercializing *EGRIFTA*™ or that our product candidates will ever receive approval for commercialization in any jurisdiction and, accordingly, we may never sustain profitability.

We rely on third-party service providers to conduct our preclinical studies and clinical trials and the failure by any of these third parties to comply with their obligations may delay the studies which could have an adverse effect on our development programs.

We have limited human resources to conduct preclinical studies and clinical trials and must rely on third-party service providers to conduct our studies and trials and carry out certain data gathering and analyses. If our third-party service providers become unavailable for any reason, including as a result of the failure to comply with the rules and regulations governing the conduct of preclinical studies and clinical trials, operational failures such as equipment failures or unplanned facility shutdowns, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of our agreements with them, such as failing to perform the testing,

compute the data or complete the reports further to the testing, we may incur delays which may be significant in connection with the planned timing of our trials and studies which could adversely affect the timing of the development program of a product candidate or the filing of an application for marketing approval in a jurisdiction where we rely on third-party service providers to make such filing. In addition, where we rely on such third-party service provider to help in answering any question raised by a regulatory agency during its review of one of our files, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of our third-party service providers are material, or, for any reason, such providers do not operate in compliance with Good Laboratory Practices, or GLP, or are unable or refuse to perform their contractual obligations, we would need to find alternative third-party service providers.

If we needed to change or select new third-party service providers, the planned working schedule related to preclinical studies and/or clinical trials could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if we needed to change or select new third-party service providers to carry out work in response to a regulatory agency review of one of our applications, there may be delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product candidate.

Any selection of new third-party service providers to carry out work related to preclinical studies and clinical trials would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would delay the filing of any new drug application with regulatory agencies for the purposes of obtaining regulatory approval to commercialize our product candidates. Furthermore, such delays could increase our expenditures to develop a product candidate and materially adversely affect our financial condition and operating results.

The conduct of clinical trials requires the enrolment of patients and difficulties in enrolling patients could delay the conduct of our clinical trials or result in their non-completion.

The conduct of clinical trials requires the enrolment of patients. We may have difficulties enrolling patients for the conduct of our future 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. Difficulty in enrolling patients for our clinical trials could result in the cancellation of clinical trials or delays in completing them. Once patients are enrolled in a clinical trial, the occurrence of any adverse drug effects or side effects observed during the trial could result in the clinical trial being cancelled. Any of these events would have material adverse consequences on the timely development of our product candidates, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of such product candidates.

We may require additional funding and may not be able to raise the capital necessary to fund all or part of our capital requirements, including to continue and complete the research and development of our product candidates and their commercialization.

We do not generate significant recurrent revenues and may need financing in order to fund all or part of our capital requirements to sustain our growth, to continue research and development of new product candidates, to conduct clinical programs, to develop our marketing and commercial capabilities and to meet our compliance obligations with various rules and regulations to which

we are subject. In the past, we have been financed through public equity offerings in Canada and private placements of our equity securities and we may need to seek additional equity offerings to raise capital, the size of which cannot be predicted. However, the market conditions or our business performance may prevent us from having access to the public market in the future at the times or in the amounts necessary. Therefore, there can be no guarantee that we will be able to continue to raise additional equity capital by way of public or private equity offerings in the future. In such a case, we would have to use other means of financing, such as issuing debt instruments or entering into private financing or credit agreements, the terms and conditions of which may not be favorable to us. If adequate funding is not available to us, we may be required to delay, reduce, or eliminate our research and development of new product candidates, our clinical trials or our marketing and commercialization efforts to launch and distribute new products, curtail significant portions of our product development programs that are designed to identify new product candidates and sell or assign rights to our technologies, products or product candidates. In addition, 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 our common shares.

If product liability lawsuits are brought against us, they could result in costly and time-consuming litigation and significant liabilities.

Despite all reasonable efforts to ensure the safety of *EGRIFTA*™ and our other product candidates, it is possible that we or our commercial partners will sell products which are defective, to which patients react in an unexpected manner, or which are alleged to have side effects. The manufacture and sale of such products may expose us to potential liability, and the industries in which our products are likely to be sold have been subject to significant product liability litigation. Any claims, with or without merit, could result in costly litigation, reduced sales, significant liabilities and diversion of our management's time and attention and could have a material adverse effect on our financial condition, business and results of operations.

If a product liability claim is brought against us, we may be required to pay legal and other expenses to defend the claim and, if the claim is successful, damage awards may be substantial and/or may not be covered, in whole or in part, by our insurance. We may not have sufficient capital resources to pay a judgment, in which case our creditors could levy against our assets. We may also be obligated to indemnify our commercial partners and make payments to other parties with respect to product liability damages and claims. Defending any product liability claims, or indemnifying others against those claims, could require us to expend significant financial and managerial resources.

The development and commercialization of our drugs could expose us to liability claims which could exceed our 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 us could potentially be greater than the available coverage and, therefore, have a material adverse effect upon us and our financial condition. Furthermore, a product liability claim could tarnish our reputation, whether or not such claims are covered by insurance or are with or without merit.

We depend on our 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 our business and growth potential.

The operation of our business requires qualified scientific and management personnel. The loss of scientific personnel or members of management could have a material adverse effect on our business. In addition, our growth is and will continue to be dependent, in part, on our ability to hire and retain the employment of qualified personnel. There can be no guarantee that we will be able to continue to retain our current employees or will be able to attract qualified personnel to achieve our business plan.

We may be unable to identify and complete in-licensing or acquisitions. In-licensing or acquisitions could divert management's attention and financial resources, may negatively affect our operating results and could cause significant dilution to our shareholders.

In the future, we may engage in selective in-licensing or acquisitions of products or businesses that we believe are complementary to our products or business. There is a risk that we will not be able to identify suitable in-licensing or acquisition candidates available for sale at reasonable prices, complete any in-licensing or acquisition, or successfully integrate any in-licensed or acquired product or business into our operations. We are likely to face competition for in-licensing or acquisition candidates from other parties including those that have substantially greater available resources. In-licensing or acquisitions may involve a number of other risks, including:

- diversion of management's attention;
- disruption to our ongoing business;
- failure to retain key acquired personnel;
- difficulties in integrating acquired operations, technologies, products or personnel;
- unanticipated expenses, events or circumstances;
- assumption of disclosed and undisclosed liabilities;
- inappropriate valuation of the acquired in-process research and development, or the entire acquired business; and
- difficulties in maintaining customer relations.

If we do not successfully address these risks or any other problems encountered in connection with an acquisition, the acquisition could have a material adverse effect on our business, results of operations and financial condition. Inherited liabilities of or other issues with an acquired business could have a material adverse effect on our performance or our business as a whole. In addition, if we proceed with an acquisition, our available cash may be used to complete the transaction, diminishing our liquidity and capital resources, or shares may be issued which could cause significant dilution to our existing shareholders.

We may not achieve our publicly announced milestones on time.

From time to time, we publicly announce the timing of certain events to occur. These statements are forward-looking and are based on the best estimate of management at the time 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 candidate, filing of an application to obtain regulatory approval, beginning of commercialization of our products or announcement of additional clinical programs for a product candidate 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 publicly announced timeline. Our policy on disclosure of forward-looking information consists of not updating it if the publicly disclosed timeline varies, except as may be required by law. Any variation in the timing of certain events having the effect of postponing such events could have an adverse material effect on our business plan, financial condition or operating results.

The outcome of scientific research is uncertain and our failure to discover new compounds could slow down the growth of our portfolio of products.

We conduct research activities in order to increase our portfolio of product candidates. 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 compounds to an advanced development stage. Our inability to develop new compounds or to further develop the existing ones could slow down the growth of our portfolio of products.

Risks Related to our Common Shares

Our share price has been volatile, and an investment in our common shares could suffer a decline in value.

Since our initial public offering in Canada, our valuation and share price have had no meaningful relationship to current or historical financial results, asset values, book value or many other criteria based on conventional measures of the value of common shares. The market price of our common shares will fluctuate due to various factors including the risk factors described herein and other facts beyond our control.

In the past, when the market price of a stock has been volatile, shareholders have often instituted securities class action litigation against that company. If any of our shareholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

Our quarterly operating results may fluctuate significantly.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of revenues and royalties received related to our development programs;
- variations in the level of expenses related to our development programs;
- addition or termination of clinical trials;

- any intellectual property infringement lawsuit in which we may become involved;
- regulatory developments affecting our product candidates;
- our execution of any collaborative, licensing or similar arrangements, and the timing of payments we may make or receive under these arrangements; and
- the achievement and timing of milestone payments under our existing strategic partnership agreements.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common shares could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

We do not intend to pay dividends on our common shares and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common shares.

We have never declared or paid any cash dividend on our common shares and do not currently intend to do so for the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Therefore, the success of an investment in our common shares will depend upon any future appreciation in their value. There is no guarantee that our common shares will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

Our revenues and expenses may fluctuate significantly and any failure to meet financial expectations may disappoint securities analysts or investors and result in a decline in the price of our common shares.

Our revenues and expenses have fluctuated in the past and are likely to do so in the future. These fluctuations could cause our share price to decline. Some of the factors that could cause revenues and expenses to fluctuate include the following:

- the inability to complete product development in a timely manner that results in a failure or delay in receiving the required regulatory approvals or allowances to commercialize product candidates;
- the timing of regulatory submissions and approvals;
- the timing and willingness of any current or future collaborators to invest the resources necessary to commercialize the product candidates;
- the outcome of any litigation;
- changes in foreign currency fluctuations;
- the timing of achievement and the receipt of milestone payments from current or future third parties;

- failure to enter into new or the expiration or termination of current agreements with third parties; and
- failure to introduce the product candidates to the market in a manner that generates anticipated revenues.

We may be adversely affected by currency fluctuations.

A substantial portion of our revenue is earned in U.S. dollars, but a substantial portion of our operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and other currencies, such as the Canadian dollar, may have a material adverse effect on our business, financial condition and operating results. We do not currently engage in transactional hedging schemes but we do attempt to hedge or mitigate the risk of currency fluctuations by actively monitoring and managing our foreign currency holdings relative to our foreign currency expenses.

Our articles and certain Canadian laws could delay or deter a change of control.

On February 10, 2010, we entered into a shareholder rights plan agreement. In the event of certain change of control transactions, the plan entitles a rights holder, other than the person or group acquiring control, to subscribe to our common shares at a discount of 50 percent to the market price at that time, subject to certain exceptions.

The Investment Canada Act (Canada) subjects an acquisition of control of a company by a non-Canadian to government review if the value of the assets as calculated pursuant to the legislation exceeds a threshold amount. A reviewable acquisition may not proceed unless the relevant minister is satisfied that the investment is likely to be a net benefit to Canada.

Any of the foregoing could prevent or delay a change of control and may deprive or limit strategic opportunities for our shareholders to sell their shares.

Further information on Theratechnologies

Further information on Theratechnologies, including the Company's Annual Information Form, is available on the SEDAR site at www.sedar.com.

Exhibit 99.3

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 2010 AND 2009

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated statements of financial position of Theratechnologies Inc. as at November 30, 2010 and 2009 and December 1, 2008, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended November 30, 2010 and 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and December 1, 2008, and its financial performance and its cash flows for the years ended November 30, 2010 and 2009 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP

Chartered Accountants

Montreal, Canada

February 8, 2011

THERATECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2010 AND 2009 AND AS AT DECEMBER 1, 2008

Financial Statements

THERATECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2010 AND 2009 AND DECEMBER 1, 2008

	NOTE	NOVEMBER 30, 2010	NOVEMBER 30, 2009	DECEMBER 1, 2008
		$	$	$
		(in thousands of Canadian dollars)		
Assets				
Current assets:				
Cash		26,649	1,519	133
Bonds	8	1,860	10,036	10,955
Trade and other receivables	9	161	375	610
Tax credits and grants receivable	10	332	1,333	1,451
Inventories	11	4,317	2,225	—
Prepaid expenses		1,231	630	739
Total current assets		34,550	16,118	13,888
Non-current assets:				
Bonds	8	36,041	51,807	35,249
Property and equipment	12	1,060	1,229	1,299
Other assets		—	—	2,776
Total non-current assets		37,101	53,036	39,324
Total assets		71,651	69,154	53,212
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	13	4,977	5,568	6,865
Current portion of deferred revenue	4	6,847	6,847	—
Total current liabilities		11,824	12,415	6,865
Non-current liabilities:				
Other liabilities	14	325	—	—
Deferred revenue	4	6,846	13,691	—
Total non-current liabilities		7,171	13,691	—
Total liabilities		18,995	26,106	6,865
Equity				
Share capital	15	279,398	279,169	269,219
Contributed surplus		7,808	6,757	5,760
Deficit		(235,116)	(244,160)	(229,004)
Accumulated other comprehensive income		566	1,282	372
Total equity		52,656	43,048	46,347
Contingent liability	18			
Commitments	23			
Subsequent events	26			
Total liabilities and equity		71,651	69,154	53,212

On behalf of the Board,

(signed) Paul Pommier
Director

(signed) Jean-Denis Talon
Director

See accompanying notes to the consolidated financial statements.

THERATECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEARS ENDED NOVEMBER 30, 2010 AND 2009

	NOTE	NOVEMBER 30, 2010	NOVEMBER 30, 2009
		$	$
		(in thousands of Canadian dollars, except per share amounts)	
Revenue:			
Research services:			
Milestone payments	4	25,000	10,884
Upfront payments and initial technology access fees	4	6,846	6,560
Royalties and license fees		22	24
Total revenue		31,868	17,468
Cost of sales		469	—
Research and development expenses, net of tax credits of $934 (2009 – $1,795)	10	14,064	20,810
Selling and market development expenses	6	2,670	6,862
General and administrative expenses		8,002	6,543
Total operating expenses		25,205	34,215
Results from operating activities		6,663	(16,747)
Finance income	7	1,888	2,252
Finance costs	7	493	(661)
Total net financial income		2,381	1,591
Net profit (loss) before income taxes		9,044	(15,156)
Income tax expense	16	114	—
Net profit (loss)		8,930	(15,156)
Other comprehensive income (loss), net of tax:			
Net change in fair value available-for-sale financial assets, net of tax		(390)	1,039
Net change in fair value available-for-sale financial assets transferred to net profit (loss), net of tax		(326)	(129)
		(716)	910
Total comprehensive income (loss) for the year		8,214	(14,246)
Basic and diluted earnings (loss) per share	15	0.15	(0.25)

See accompanying notes to the consolidated financial statements.

THERATECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEARS ENDED NOVEMBER 30, 2010 AND 2009

	NOTE	SHARE CAPITAL NUMBER	SHARE CAPITAL DOLLARS $	CONTRIBUTED SURPLUS $	UNREALIZED GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS (i) $	DEFICIT $	TOTAL $
				(in thousands of Canadian dollars)			
Balance as at December 1, 2008		58,215,090	269,219	5,760	372	(229,004)	46,347
Total comprehensive income (loss) for the year:							
Net loss		—	—	—	—	(15,156)	(15,156)
Other comprehensive income (loss):							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	1,039	—	1,039
Net change in fair value of available-for-sale financial assets transferred to net profit (loss), net of tax		—	—	—	(129)	—	(129)
Total comprehensive income (loss) for the year		—	—	—	910	(15,156)	(14,246)
Transactions with owners, recorded directly in equity:							
Issue of common shares	15(i)	2,214,303	9,950	—	—	—	9,950
Share-based compensation for stock option plan	15(iv)	—	—	997	—	—	997
Total contributions by owners		2,214,303	9,950	997	—	—	10,947
Balance as at November 30, 2009		60,429,393	279,169	6,757	1,282	(244,160)	43,048
Total comprehensive income (loss) for the year:							
Net profit		—	—	—	—	8,930	8,930
Other comprehensive income (loss):							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	(390)	—	(390)
Net change in fair value of available-for-sale financial assets transferred to net profit (loss), net of tax		—	—	—	(326)	—	(326)
Total comprehensive income (loss) for the year		—	—	—	(716)	8,930	8,214
Transactions with owners, recorded directly in equity:							
Issue of common shares	15(i)	2,880	15	—	—	—	15
Income tax related to share issue costs		—	—	—	—	114	114
Share-based compensation plan:							
Share-based compensation for stock option plan	15(iv)	—	—	1,133	—	—	1,133
Exercise of stock options:							
Monetary consideration	15(iv)	80,491	132	—	—	—	132
Attributed value	15(iv)	—	82	(82)	—	—	—
Total contributions by owners		83,371	229	1,051	—	114	1,394
Balance as at November 30, 2010		60,512,764	279,398	7,808	566	(235,116)	52,656

(i) Accumulated other comprehensive income.

See accompanying notes to the consolidated financial statements.

THERATECHNOLOGIES INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2010 AND 2009

	NOTE	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
		(in thousands of Canadian dollars)	
Operating activities:			
Net profit (loss)		8,930	(15,156)
Adjustments for:			
Depreciation of property and equipment	12	466	612
Share-based compensation		1,133	997
Income tax expense		114	—
Write-down of inventories	11	192	—
Lease inducements and amortization	17	325	—
Operating activities before changes in operating assets and liabilities		11,160	(13,547)
Change in accrued interest income on bonds		728	(923)
Change in trade and other receivables		214	235
Change in tax credits and grants receivable		1,001	118
Change in inventories		(2,284)	(2,225)
Change in prepaid expenses		(601)	109
Change in other assets		—	2,776
Change in accounts payable and accrued liabilities		(473)	(1,424)
Change in deferred revenue		(6,845)	20,538
		(8,260)	19,204
Cash flows from operating activities		2,900	5,657
Financing activities:			
Proceeds from issue of share capital		15	9,950
Proceeds from exercise of stock options	15	132	—
Share issue costs		—	(8)
Cash flows from financing activities		147	9,942
Investing activities:			
Acquisition of property and equipment	12	(415)	(407)
Proceeds from sale of bonds		22,498	15,305
Acquisition of bonds		—	(29,111)
Cash flows from (used in) investing activities		22,083	(14,213)
Net change in cash		25,130	1,386
Cash as at December 1		1,519	133
Cash as at November 30		26,649	1,519

See note 19 for supplemental cash flow information.

See accompanying notes to the consolidated financial statements.

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2010 AND 2009 AND AS AT DECEMBER 1, 2008
(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

1. Reporting Entity:

Theratechnologies Inc. is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products with an emphasis on growth hormone releasing factor peptides. Theratechnologies Inc. is leveraging its expertise in the field of metabolism to discover and develop products in specialty markets. Its commercialization strategy is to retain all or a significant portion of the commercial rights to its products. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration ("FDA") in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company" and individually as "the subsidiaries of the Company").

Theratechnologies Inc. is incorporated under Part 1A of the Québec *Companies Act* and is domiciled in Quebec, Canada. The Company is located at 2310 boul. Alfred-Nobel, Montreal, Quebec, H4S 2B4.

2. Basis of Preparation:

(a) Statement of Compliance:

The consolidated financial statements of the Company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board ("IASB"). These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). The Company has applied IFRS 1, *First-time Adoption of International Financial Reporting Standards*, using December 1, 2008 as the date of transition to IFRSs.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 27.

The consolidated financial statements were authorized for issue by the Board of Directors on February 8, 2011.

(b) Basis of Measurement:

The Company's consolidated financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets which are measured at fair value.

The methods used to measure fair value are discussed further in note 22.

(c) Functional and Presentation Currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of Estimates and Judgements:

The preparation of the Company's consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgements in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 4 – Revenue and deferred revenue;
- Note 15 (iv) – Stock option plan;

- Note 16 – Income taxes;
- Note 18 – Contingent liability.

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant Accounting Policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position at December 1, 2008, the date of transition to IFRSs.

The accounting policies have been applied consistently by the subsidiaries of the Company.

(a) Basis of Consolidation:

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable currently are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Reciprocal balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency:

Transactions in foreign currencies are translated to the respective functional currencies of the subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on translation are recognized in net profit (loss), except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue Recognition:

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under the collaboration agreement may include upfront payments, milestone payments, research services, royalties and license fees. Revenues for each unit of accounting are recorded as described below:

(i) *Sale of Goods:*
Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) *Royalties and License Fees:*
Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

(iii) *Research Services:*
Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

(a) *Upfront Payments and Initial Technology Access Fees:*
Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

(b) *Milestone Payments:*
Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

(d) ***Cost of Sales:***
Cost of sales represents the cost of goods sold and includes the cost of raw materials, supplies, direct overhead charges, unallocated indirect costs related to production as well as write-down of inventories. Other direct costs, such as manufacturing start-up costs between validation and the achievement of normal production, are expensed as incurred.

(e) ***Employee Benefits:***

Salaries and Short-Term Employee Benefits:
Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-Employment Benefits:
Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and unemployment insurance.

Termination Benefits:
Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(f) ***Finance Income and Finance Costs:***

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit (loss), using the effective interest method.

Finance costs are comprised of bank charges, impairment losses on financial assets recognized in profit (loss) and of foreign currency gains and losses which are reported on a net basis.

(g) ***Inventories:***

Inventories are presented at the lower of cost, determined using the first-in first-out method, or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

Net realizable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling expenses.

(h) ***Property and Equipment:***

Recognition and Measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

Subsequent Costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

Depreciation:

The estimated useful lives and the methods of depreciation for the current and comparative periods are as follows:

ASSET	METHOD	RATE/PERIOD
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance and straight-line	20% 5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of term of lease or economic life

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted if appropriate.

(i) Intangible Assets:

Research and Development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the years ended November 30, 2010 and 2009 and as at December 1, 2008, no development expenditures were capitalized.

(j) Financial Instruments:

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has classified cash and trade and other receivables as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit (loss).

(k) Other Assets:

Other assets consist of prepaid expenses for research supplies that are not expected to be used within one year from the date of the consolidated statement of financial position.

Research supplies are purchased in advance, in accordance with specific regulatory requirements, to be used in connection with the Company's clinical trials.

(l) Leases:

Operating lease payments are recognized in net profit (loss) on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvement allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit (loss) over the term of the lease on a straight-line basis.

(m) Impairment:

Financial Assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit (loss).

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to net profit (loss). The cumulative loss that is removed from other comprehensive income and recognized in net profit (loss) is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in net profit (loss). Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit (loss), then the impairment loss is reversed, with the amount of the reversal recognized in net profit (loss). However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-Financial Assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit"). Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) ***Provisions:***

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Onerous Contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract. There were no onerous contracts as at November 30, 2010 and 2009 and December 1, 2008.

Site Restoration:

Where there is a legal or constructive obligation to restore leased premises to good condition, except for normal aging on expiry or early termination of the lease, the resulting costs are provisioned up to the discounted value of estimated future costs and increase the carrying amount of the corresponding item of property and equipment. The Company amortizes the cost of restoring leased premises and recognizes an unwinding of discount expense on the liability related to the term of the lease.

Contingent Liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

(o) ***Income Taxes:***

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net profit (loss) except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current Tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Share-Based Compensation:

The Company records share-based compensation related to employee stock options granted using the fair value based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

As permitted by IFRS 1, the Company elected not to restate options that were granted before November 7, 2002 and those granted after November 7, 2002 that were fully vested prior to the date of transition to IFRS.

(q) Government Grants:

Government grants consisting of grants and investment tax credits, are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

(r) Share Capital:

Common Shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(s) Earnings Per Share:

The Company presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

(t) New Standards and Interpretations not yet Applied:

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretation Committee that are mandatory for annual periods beginning on or after January 1, 2010 or later periods. Many of these updates are not applicable or are inconsequential to the Company and have been excluded from the discussion below. The remaining pronouncements are being assessed to determine their impact on the Company’s results and financial position:

Annual Improvements to IFRS:

The IASB’s improvements to IFRS published in April 2009 contain fifteen amendments to twelve standards that result in accounting changes for presentation, recognition or measurement purposes largely for annual periods beginning on or after January 1, 2010, with early adoption permitted. These amendments were considered by the Company and deemed to be not applicable to the Company other than for the amendment to IAS 17 – Leases relating to leases which include both land and buildings elements. In this case, the Company early adopted this amendment.

The IASB’s improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB’s annual

improvements project published in May 2010 are included under the specific revisions to standards discussed below.

(i) IFRS 3:

Revision to IFRS 3, Business Combinations:

Effective for annual periods beginning on or after July 1, 2010 with earlier adoption permitted.

Clarification on the following areas:

- the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.
- application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced awards (i.e., unexpired awards over the acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

(ii) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

(iii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iv) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The 2008 revisions to this standard resulted in consequential amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*, IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

(v) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

New or revised standards and interpretations:

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IAS 24:

Amendments to IAS 24, Related Party Disclosures:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

There are limited differences in the definition of what constitutes a related party; however, the amendment requires more detailed disclosures regarding commitments.

(ii) *IFRS 8:*

IFRS 8, Operating Segments:

Effective for annual periods beginning on or after January 1, 2010.

Requires purchase information about segment assets.

(iii) *IFRS 9:*

New standard IFRS 9, Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value
- classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

4. Revenue and Deferred Revenue:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono Inc. ("EMD Serono"), an affiliate of the Group Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product up to obtaining marketing approval in the United States, which was obtained on November 10, 2010. The Company is also responsible for product production and for developing a new formulation of the Initial Product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement on December 15, 2008, the Company received US$30,000 (C$36,951), which includes an initial payment of US$22,000 (C$27,097) and US$8,000 (C$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (C$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized on a straight-line basis over the estimated period for developing a new formulation of the Initial Product. This period may be modified in the future based on additional information that may be received by the Company. At November 30, 2010, an amount of $6,846 (2009 – $6,560) was recognized as revenue. As at November 30, 2010, the deferred revenue related to this transaction amounted to $13,692 (2009 – $20,537).

On August 12, 2009, the FDA accepted the New Drug Application ("NDA") made by the Company for tesamorelin. Under the terms of the Company's collaboration and licensing agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (C$10,884).

On November 10, 2010, the FDA approved *EGRIFTA®* as the first approved treatment in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. By virtue of the collaboration and licensing agreement entered into in 2008 with EMD Serono, the Company received a milestone payment of US$25,000 (C$25,000) associated with the FDA-approval of *EGRIFTA®*. This payment was received by the Company on November 30, 2010.

The Company may conduct research and development activities for additional indications. Under the collaboration and licensing agreement, EMD Serono will also have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to an agreement with EMD Serono, to participate in promoting these additional indications.

5. Personnel Expenses:

	NOTE	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Salaries and short-term employee benefits		11,577	10,779
Post-employment benefits		579	542
Termination benefits		20	275
Share-based compensation	15(iv)	1,133	997
Total personnel expenses		13,309	12,593

6. Selling and Market Development Expenses:

In 2008, the Company completed a formal review of the strategic alternatives regarding its operations which culminated in the signing of the collaborative licensing agreement with EMD Serono (note 4). As a result of this process, $4,269 was recorded in 2009 for professional fees related to the closing of the agreement with EMD Serono.

7. Finance Income and Finance Costs:

Recognized in net profit (loss):

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Interest income	1,562	2,123
Net gain on disposal of available-for-sale financial assets transferred from equity	326	129
Finance income	1,888	2,252
Bank charges	(18)	(26)
Net foreign currency gain (loss)	511	(635)
Finance costs	493	(661)
Net finance income recognized in net profit (loss)	2,381	1,591

Recognized in other comprehensive income:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Net change in fair value of available-for-sale financial assets	(390)	1,039
Net change in fair value of available-for-sale financial assets transferred to net profit (loss)	(326)	(129)
Finance (costs) income recognized in other comprehensive income, net of tax	(716)	910

8. Bonds:

Bonds are interest-bearing available-for-sale financial assets, with a carrying amount of $37,901 as at November 30, 2010 ($61,843 in 2009, and $46,204 as at December 1, 2008), have stated interest rates of 2.37% to 6.75% (2.37% to 6.75% in 2009 and 3.00% to 6.85% as at December 1, 2008) and mature in 1.9 year (2.16 in 2009 and 1.8 in 2008).

The Company's exposure to credit and interest rate risks related to bonds is presented in note 20.

9. Trade and Other Receivables:

	NOTE	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $	DECEMBER 1, 2008 $
Trade receivables		6	3	12
Sales tax receivable		100	190	419
Loans granted to employees under the share purchase plan	15(iii)	25	74	91
Loans granted to related parties under the share purchase plan	15(iii)	22	75	59
Other receivables		8	33	29
		161	375	610

The Company's exposure to credit and currency risks related to trade and other receivables is presented in note 20.

10. Tax Credits and Grants Receivable:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Balance at beginning of the year	1,333	1,451
Investment tax credits and grants received	(1,935)	(1,913)
Investment tax credits and grants recognized in net profit (loss)	934	1,795
	332	1,333

Tax credits and grants receivable comprise research and development investment tax credits receivable from the provincial government which relate to qualifiable research and development expenditures under the

applicable tax laws. The amounts recorded as receivable are subject to a government tax audit and the final amounts received may differ from those recorded. There are no unfulfilled conditions or contingencies associated with the government assistance received.

Unused federal tax credits may be used to reduce future income tax and expire as follows:

	$
2023	452
2024	1,597
2025	1,863
2026	2,178
2027	3,000
2028	3,328
2029	2,250
2030	1,167
	15,835

11. Inventories:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $	DECEMBER 1, 2008 $
Raw materials	3,395	2,225	—
Work in progress	922	—	—
	4,317	2,225	—

In 2010, $123 of raw materials, and $69 of work in progress were written down to their net realizable value (November 30, 2009 – nil and nil; December 1, 2008 – nil and nil). Consequently, a write-down of $192 was recorded to cost of sales in 2010 (2009 – nil).

The write-down was due to unfavourable pricing related to raw materials that were not originally purchased under the conditions of the Company's current long-term procurement agreements.

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

12. Property and Equipment:

	COMPUTER EQUIPMENT $	LABORATORY EQUIPMENT $	OFFICE FURNITURE AND EQUIPMENT $	LEASEHOLD IMPROVEMENTS $	TOTAL $
Cost:					
Balance at December 1, 2008	682	1,824	1,015	1,846	5,367
Additions	222	125	188	8	543
Disposals	(30)	(4)	(79)	—	(113)
Balance at November 30, 2009	874	1,945	1,124	1,854	5,797
Additions	130	116	7	46	299
Disposals	(63)	(43)	(2)	—	(108)
Balance at November 30, 2010	941	2,018	1,129	1,900	5,988
Accumulated depreciation:					
Balance at December 1, 2008	500	1,427	700	1,441	4,068
Depreciation for the year	147	96	79	290	612
Disposals	(30)	(4)	(78)	—	(112)
Balance at November 30, 2009	617	1,519	701	1,731	4,568
Depreciation for the year	170	88	85	123	466
Disposals	(63)	(41)	(2)	—	(106)
Balance at November 30, 2010	724	1,566	784	1,854	4,928
Net carrying amounts:					
December 1, 2008	182	397	315	405	1,299
November 30, 2009	257	426	423	123	1,229
November 30, 2010	217	452	345	46	1,060

Depreciation expense for the year has been recorded in the following accounts in the consolidated statement of comprehensive income:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Cost of sales	8	—
Research and development expenses	231	306
Selling and market development expenses	10	14
General and administrative expenses	217	292
	466	612

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

13. Accounts Payable and Accrued Liabilities:

	NOTE	NOVEMBER 30, 2010	NOVEMBER 30, 2009	DECEMBER 1, 2008
		$	$	$
Trade payables		1,001	1,984	284
Accrued liabilities and other payables		1,440	1,768	4,692
Salaries and benefits due to related parties	25	565	450	504
Employee salaries and benefits payable		1,971	1,366	1,385
		4,977	5,568	6,865

The Company's exposure to currency and liquidity risks related to accounts payable and accrued liabilities is presented in note 20.

14. Other Liabilities:

Other liabilities consist of deferred lease inducements relating to rent free periods amounting to $325 as at November 30, 2010 (November 30, 2009 and December 1, 2008 – nil) (note 17).

15. Share Capital:

Authorized in unlimited number and without par value:

Common shares

Preferred shares issuable in one or more series

All issued shares are fully paid, except for 33,524 (2009 – 90,298) issued under the share purchase plan and for which the loan has not been repaid in full (see note 15 (iii)).

Common shareholders are entitled to receive dividends as declared by the Company at its discretion and are entitled to one vote per share at the Company's annual general meeting.

No preferred shares are outstanding.

(i) ***2010:***

In 2010, the Company received subscriptions in the amount of $15 for the issuance of 2,880 common shares in connection with its share purchase plan.

2009:

Under the terms of the collaboration and licensing agreement with EMD Serono, the Company issued 2,179,837 common shares for a cash consideration of $9,854 (see note 4).

In 2009, the Company also received subscriptions in the amount of $96 for the issuance of 34,466 common shares in connection with its share purchase plan.

All shares issued were for cash consideration.

(ii) ***Shareholder Rights Plan:***

On February 10, 2010, the Company's Board of Directors adopted a shareholder rights plan (the "Plan"), effective as of that date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(iii) ***Share Purchase Plan:***

The Share Purchase Plan entitles full-time and part-time employees of the Company who, on the participation date, are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Company's outstanding common shares, to directly subscribe for common shares of the Company. Under the Share Purchase Plan, a maximum of 550,000 common shares may be issued to employees.

On May 1 and November 1 of each year (the "Participation Dates"), an employee may subscribe for a number of common shares under the Share Purchase Plan for an amount that does not exceed 10% of that employee's gross annual salary for that year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend or defer a subscription of common shares, or to decide that no subscription of common shares will be allowed on a Participation Date if it is in the Company's best interest.

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

The subscription price for each new common share subscribed for under the Share Purchase Plan is equal to the weighted average closing price of the common shares on the Toronto Stock Exchange during a period of five days prior to the Participation Date. Employees may not assign the rights granted under the Share Purchase Plan.

An employee may elect to pay the subscription price for common shares in cash or through an interest-free loan from the Company. Loans granted by the Company under the Share Purchase Plan are repayable through salary withholdings over a period not exceeding two years. All loans may be repaid prior to the scheduled repayment at any time. The loans granted to any employee may at no time exceed 10% of that employee's current annual gross salary. All common shares purchased through an interest-free loan are hypothecated to secure full and final repayment of the loan and are held by a trustee until repayment in full. Loans are immediately due and payable on the occurrence of any of the following events: (i) termination of employment; (ii) sale or seizure of the hypothecated common shares; (iii) bankruptcy or insolvency of the employee; or (iv) suspension of the payment of an employee's salary or revocation of the employee's right to salary withholdings.

At November 30, 2010, $47 (November 30, 2009 – $149; December 1, 2008 – $150) was receivable under these loans (see note 9).

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(iv) Stock Option Plan:

The Company has established a stock option plan under which it can grant to its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period up to 5 years. As at November 30, 2010, 981,005 options could still be granted by the Company (2009 – 1,244,834).

All options are to be settled by physical delivery of shares.

Changes in the number of options outstanding during the past two years were as follows:

	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER OPTION $
Options at December 1, 2008	2,161,800	6.52
Granted	680,500	1.83
Expired	(58,500)	5.16
Forfeited	(118,000)	9.92
Options at November 30, 2009	2,665,800	5.20
Granted	335,000	4.03
Expired	(32,500)	11.15
Forfeited	(38,671)	3.61
Exercised (weighted average share price: $5.14)	(80,491)	1.66
Options at November 30, 2010	2,849,138	5.12
Exercisable at November 30, 2010	2,196,403	5.77

The following table provides stock option information as at November 30, 2010:

	OPTIONS OUTSTANDING		
PRICE RANGE ($)	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE $
1.20 – 2.00	1,183,015	6.54	1.71
2.01 – 2.75	141,459	3.85	2.59
2.76 – 3.75	70,000	5.51	3.37
3.76 – 4.60	265,000	9.03	3.84
4.61 – 6.00	95,000	7.69	4.93
6.01 – 9.00	570,664	4.82	8.17
9.01 – 13.50	480,000	2.86	10.72
13.51 – 15.30	44,000	0.36	15.12
	2,849,138	5.59	5.12

The fair value of options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009
Risk-free interest rate	2.49%	1.83%
Expected volatility	81.13%	79.50%
Average option life in years	7.5	7.5
Expected dividends	nil	nil
Grant-date share price	$ 4.03	$ 1.83
Option exercise price	$ 4.03	$ 1.83

The risk-free interest rate is based on the implied yield on a Canadian Government zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected life of the option. The life of the options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the years ended November 2010 and 2009:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE GRANT-DATE FAIR VALUE $
2010	335,000	3.05
2009	680,500	1.36

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(v) ***Earnings Per Share:***

The calculation of basic earnings per share at November 30, 2010 was based on the net profit (loss) attributable to common shareholders of the Company of $8,930 (2009 -($15,156)), and a weighted average number of common shares outstanding of 60,480,032 (2009 – 60,314,309), calculated as follows:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009
Issued common shares at December 1	60,429,393	58,215,090
Effect of share options exercised	49,030	—
Effect of shares issued during the year	1,609	2,099,219
Weighted average number of common shares at November 30	60,480,032	60,314,309

The calculation of diluted earnings per share was based on a weighted average number of common shares calculated as follows:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009
Weighted average number of common shares (basic)	60,480,032	60,314,309
Effect of stock options on issue	842,959	—
Weighted average number of common shares (diluted) at November 30	61,322,991	60,314,309

At November 30, 2010, 1,119,664 options (2009 – 1,371,167) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

16. Income Taxes:

Current tax expense:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Current tax expense:		
Current tax expense for the year	3,285	—
Recognition of previously unrecognized tax losses	(3,171)	—
Current Income tax expense	114	—
Deferred tax expense:		
Recognition and reversal of temporary differences	—	(4,031)
Change in unrecognized deductible temporary differences	—	4,031
Deferred income tax expense	—	—
Total income tax expense	114	—

Reconciliation between effective and applicable tax amounts:

	NOVEMBER 30, 2010 $	NOVEMBER 30, 2009 $
Income taxes at domestic tax statutory rate	2,713	(4,683)
Change in unrecognized deductible temporary differences	(3,171)	4,031
Non-deductible expenses and other	572	652
	114	—

Deferred tax assets:

Deferred tax asset of $114 (2009 – nil) related to share issue costs was recognized directly in equity.

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Unrecognized deferred tax assets:

At November 30, 2010, temporary differences for which no deferred tax asset was recognized were as follows:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009
	$	$
Long-term:		
Research and development expenses	30,143	29,380
Deferred non-capital losses	21,013	21,490
Property and equipment	609	674
Intellectual property and patent fees	9,230	12,307
Available deductions and other	4,648	4,963
	65,643	68,814

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. The generation of future taxable income is dependent on the successful commercialization of the Company's products and technologies.

Given the Company's past losses, management does not believe that it is more probable than not that the Company can realize its deferred tax assets and therefore it has not recognized any amount in the statement of financial position.

At November 30, 2010, the amounts and expiry dates of tax attributes to be deferred for which no deferred tax asset was recognized were as follows:

	NOVEMBER 30, 2010		NOVEMBER 30, 2009	
	FEDERAL	PROVINCIAL	FEDERAL	PROVINCIAL
	$	$	$	$
Research and development expenses, without time limitation	103,324	123,062	103,346	115,686
Losses carried forward:				
2014	1,216	—	9,603	—
2015	275	—	275	—
2027	7,638	7,628	7,638	7,628
2028	46,316	32,174	46,316	46,271
2029	19,484	16,467	21,785	18,802
2030	11,440	11,436	—	—
Other temporary differences, without time limitation:				
Excess of tax value of property and equipment over carrying value	2,773	1,666	3,121	1,785
Tax value of intellectual property and patent fees	34,301	34,289	45,735	45,718
Available deductions and other	57,343	1,412	58,415	2,732

17. Operating Leases:

The Company rents its headquarters and main office pursuant to an operating lease (the "Lease") expiring in April 2021. Under the terms of the Lease, the Company has also been granted two renewal options for periods of five years each. Lease payments will increase by 11% beginning on November 1, 2015.

During the year ended November 30, 2010, an amount of $628 was recognized as an expense in respect of operating leases (2009 – $805). Of the amount $133 (2009 – $176) is included in General and administrative expenses and $495 (2009 – $629) is included in Research and development expenses.

The Company's lease includes a lease of land and building. Since the land title does not pass, and the Company does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the lessor. As such, the Company determined that the lease is an operating lease.

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240 per year beginning May 1, 2010 and will be increased by 2.5% annually for the duration of the Lease. Refer to note 23 for the contractual commitments related to this lease.

The lessor granted the Company a monetary allowance in the amount of $728 to make leasehold improvements. This amount had not been received as at November 30, 2010. Furthermore, the Company benefits from a 25-month rent free period which is deferred and recognized over the lease term. As at November 30, 2010, $325 was included in Other liability (nil – November 30, 2009) in regards to the deferred free rent inducement (note 14 – Other liabilities).

The Company had issued an irrevocable letter of credit in favour of the lessor in the amount of $323 under the terms of the Lease renewal, along with a first ranking movable hypothec in the amount of $1,150 covering all the Company's tangible assets located in the rented premises. The letter of credit and the hypothec were cancelled on April 30, 2010.

18. Contingent Liability:

On July 26, 2010, the Company received a motion of authorization to institute a class action lawsuit against the Company, a director and a former executive officer (the "Motion"). This Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose certain alleged adverse effects relating to the administration of *EGRIFTA*®. The Company is of the view that the allegations contained in the Motion are entirely without merit and intends to take all appropriate actions to vigorously defend its position.

The Motion had not yet been heard by the Superior Court of Quebec and a date has not been set for the hearing.

The Company has subscribed to insurance covering its potential liability and the potential liability of its directors and officers in the performance of their duties for the Company subject to a $200 deductible. At November 30, 2010, an amount of $96 in legal fees has been accrued and included in general and administrative expenses, of which $61 was paid during the year and $35 remained in accounts payable and accrued liabilities.

19. Statement of Cash Flows:

The Company entered into the following transactions which had no impact on the cash flows:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009	DECEMBER 1, 2008
	$	$	$
Additions to property and equipment included in accounts payable and accrued liabilities	65	183	48
Share issue costs included in accounts payable and accrued liabilities	—	—	8

In addition, interest received totalled $2,290 (2009 – $1,200).

20. Financial Instruments:

Overview:

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, currency risk and interest rate risk, and how the Company manages those risks.

(a) Credit Risk:

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors credit risk exposure and takes steps to mitigate the likelihood of this exposure resulting in losses.

The Company's exposure to credit risk currently relates to accounts receivable with only one customer (see note 4). Financial instruments other than cash and trade and other receivables that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in highly liquid fixed income instruments from governmental, paragovernmental and municipal bodies ($37,542 as at November 30, 2010) as well as from companies with high credit ratings ($359 as at November 30, 2010). As at November 30, 2010, the Company was not exposed to any credit risk over the carrying amount of the bonds.

(b) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As indicated in the capital management section below, the Company manages this risk through the management of its capital structure. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates.

The following are amounts due on the contractual maturities of financial liabilities as at November 30, 2010 and 2009:

	NOVEMBER 30, 2010				
	TOTAL	CARRYING AMOUNT	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
	$	$	$	$	$
Accounts payable and accrued liabilities	4,977	4,977	4,977	—	—

	NOVEMBER 30, 2009				
	TOTAL	CARRYING AMOUNT	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
	$	$	$	$	$
Accounts payable and accrued liabilities	5,568	5,568	5,568	—	—

(c) Currency Risk:

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from milestone payments and expenses for research and development incurred in US dollars, euros and

pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages currency risk by maintaining cash in US dollars on hand to support US forecasted cash budgets for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flows as well as amounts recorded in the consolidated statement of comprehensive income to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each consolidated statement of financial position date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of comprehensive income. Given the Company's policy on the management of the Company's US foreign currency risk, the Company does not believe a sudden change in foreign exchange rates would impair or enhance its ability to pay its US dollar denominated obligations.

The following table presents the significant items exposed to currency risk at the following dates:

	NOVEMBER 30, 2010		
	$US	EURO	GBP
Cash	26,424	—	1
Trade and other receivables	—	—	—
Accounts payable and accrued liabilities	(465)	(26)	(81)
Items exposed to currency risk	25,959	(26)	(80)

	NOVEMBER 30, 2009		
	$US	EURO	GBP
Cash	1,471	—	—
Trade and other receivables	—	4	—
Accounts payable and accrued liabilities	(1,095)	—	(25)
Items exposed to currency risk	376	4	(25)

	DECEMBER 1, 2008		
	$US	EURO	GBP
Cash	1	—	—
Trade and other receivables	—	—	—
Accounts payable and accrued liabilities	(2,589)	(159)	(348)
Items exposed to currency risk	(2,588)	(159)	(348)

The following exchange rates are those applicable to the following periods and dates:

	NOVEMBER 30, 2010		NOVEMBER 30, 2009		DECEMBER 1, 2008	
	AVERAGE RATE	REPORTING DATE RATE	AVERAGE RATE	REPORTING DATE RATE	AVERAGE RATE	REPORTING DATE RATE
$US – C$	1.0345	1.0266	1.0594	1.0556	1.0479	1.2370
EURO – C$	1.3848	1.3326	1.5808	1.5852	1.5440	1.5711
GBP – C$	1.6051	1.5969	1.7597	1.7366	1.9767	1.9060

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have increased the net profit (loss) as follows, assuming that all other variables remained constant:

	NOVEMBER 30, 2010			NOVEMBER 30, 2009		
	$US	EURO	GBP	$US	EURO	GBP
Increase in net profit (loss)	1,298	(1)	(4)	19	—	(1)

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, assuming that all other variables remain constant.

(d) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds held by the Company are invested at fixed interest rates and/or mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are classified as available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in accumulated other comprehensive income.

Based on the value of the Company's short and long-term bonds at November 30, 2010, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive income by approximately $336; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Trade and other receivables, accounts payable and accrued liabilities bear no interest.

Based on the average value of variable interest-bearing cash during the year ended November 30, 2010 ($3,219), an assumed 0.5% increase in interest rates during such period would have increased future cash flow and net profit by approximately $16; an assumed decrease of 0.5% would have had an equal but opposite effect.

21. Capital Management:

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and capital spending.

To fund its activities, the Company relied primarily on public offerings of common shares in Canada and private placements of its common shares as well as up-front payments and milestone payments primarily associated with EMD Serono. When possible, the Company optimizes its liquidity position using non-dilutive sources, including investment tax credits, grants and interest income.

The Company has a $1,800 revolving credit facility for its short-term financing needs which was unused at November 30, 2010 (see note 23 (c)).

The capital management objectives remain the same as for the previous year.

At November 30, 2010, cash and bonds amounted to $64,550 and tax credits and grants receivable amounted to $332, for a total of $64,882. The Company believes that its cash position will be sufficient to finance its operations and capital needs for the next year.

Currently, the Company's general policy on dividends is to retain cash to keep funds available to finance the Company's growth.

The Company is not subject to any externally imposed capital requirements.

22. Determination of Fair Values:

Certain of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial Assets and Liabilities:

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- **Level 1:** defined as observable inputs such as quoted prices in active markets.
- **Level 2:** defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- **Level 3:** defined as inputs that are based on little or no observable market data, therefore requiring entities to develop its own assumptions.

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, trade and other receivables as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.
Bonds are stated at estimated fair value, determined by inputs that are primarily based on broker quotes at the reporting date (Level 2).

Share-Based Payment Transactions:

The fair value of the employee stock options is measured based on the Black-Scholes valuation model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

23. Commitments:

(a) Leases:

At November 30, 2010 and 2009 and December 1, 2008, the minimum payments required under the terms of the non-cancellable lease are as follows:

	NOVEMBER 30, 2010	NOVEMBER 30, 2009	DECEMBER 1, 2008
	$	$	$
Less than one year	55	340	816
Between one and five years	2,239	2,020	340
More than five years	3,943	4,216	—
	6,237	6,576	1,156

(b) Long-term Procurement Agreements:

During and after the years ended November 30, 2010 and 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of *EGRIFTA®*.

(c) Credit Facility:

The Company has a $1,800 revolving credit facility, bearing interest at prime plus 0.5%. Under the term of the credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000, the Company will provide the bank with a first rank movable hypothec (security interest) of $1,850 on securities judged satisfactory by the bank.

As at November 30, 2010 and 2009, the Company did not have any borrowings outstanding under this credit facility.

24. Operating Segments:

The Company has a single operating segment. As described in note 4, all of the Company's revenues are generated from one customer, EMD Serono, which is domiciled in the United States.

All of the Company's non-current assets are located in Canada, the Company's headquarters.

25. Related Parties:

The Company has a related party relationship with its wholly-owned subsidiaries. There are no transactions between the Company and its subsidiaries.

The key management personnel of the Company are the Directors.

Key management personnel compensation comprised:

	NOTE	NOVEMBER 30, 2010	NOVEMBER 30, 2009
		$	$
Short-term employee benefits		1,891	1,647
Post-employment benefits		61	59
Share-based compensation	15(iv)	331	175
		2,283	1,881

Directors of the Company control 1.2 percent of the voting shares of the Company.

On November 30, 2010, loans granted to key management personnel under share purchase plan (note 15 (iii)) amount to $22 as at November 30, 2010 ($75 as at November 30, 2009 and $59 as at December 1, 2008).

26. Subsequent Events:

Distribution and Licensing Agreement:

On December 6, 2010, the Company announced the signing of a distribution and licensing agreement with Sanofi-aventis ("Sanofi"), covering the commercial rights for *EGRIFTA*® in Latin America, Africa, and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Under the terms of the agreement, the Company will sell *EGRIFTA*® to Sanofi at a transfer price equal to the higher of a percentage of Sanofi's net selling price and a predetermined floor price. The Company has retained all future development rights to *EGRIFTA*® and will be responsible for conducting research and development for any additional potential indications. Sanofi will be responsible for conducting all regulatory activities for *EGRIFTA*® in the aforementioned territories, including applications for approval in the different countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company also granted Sanofi an option to commercialize tesamorelin for other indications in the territories mentioned above. If such option is not exercised, or is declined, by Sanofi, the Company may commercialize tesamorelin for such indications on its own or with a third party.

On February 3, 2011, the Company entered into a distribution and licensing agreement with Ferrer covering the commercial rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Under the terms of the Agreement, the Company will sell *EGRIFTA*® to Ferrer at a transfer price equal to the higher of a significant percentage of the Ferrer's net selling price and a predetermined floor price. The Company has retained all development rights to *EGRIFTA*® for other indications and will be responsible for conducting research and development for any additional programs. Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the agreement. The Company will be responsible for the manufacture and supply of *EGRIFTA*® to Ferrer. The Company has the option to co-promote *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Ferrer has the option to enter into a co-development and commercialization agreement using tesamorelin relating to any such new indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development.

Deferred Share Unit Plan:

In December 2010, the Company adopted a deferred share unit plan ("Plan") to provide long-term incentive compensation for its directors and executive officers. Under the Plan, directors must receive their annual remuneration as a board member in fully vested deferred share units ("DSUs") until they reach a percentage of their annual remuneration and, once such percentage is attained, they have the option to elect to receive part or all of this annual remuneration in DSUs. Under the plan, executive officers have the option of receiving all or a portion of their annual bonus in the form of fully-vested DSUs. The units are only redeemable for cash when a participant ceases to be an employee or member of the Board of Directors. The Company manages the risk associated with the issuance of the DSU by entering into a yearly forward contract with a third party. As at February 7, 2011, all of the 99,912 DSU outstanding were covered by a prepaid forward contract.

Stock Option Plan:

Between December 1, 2010 and February 7, 2011, the Company granted 250,000 options at an exercise price of $5.65 per share. Also 27,832 options were forfeited and expired at a weighted exercise average price of $12.06 per share. Furthermore, 3,000 options were exercised at a weighted exercise average price of $1.80 per share for a cash consideration of $5.

27. Transition to IFRS:

As stated in note 2 (a), these are the Company's first consolidated financial statements prepared in accordance with IFRSs. The Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the year ended November 30, 2010, the comparative information presented in these financial statements for the year ended November 30, 2009 and in the opening IFRS statement of financial position at December 1, 2008 (the Company's date of transition).

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRSs.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held-for-trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

Reconciliation of equity as at December 1, 2008 and November 30, 2009:

		DECEMBER 1, 2008				NOVEMBER 30, 2009			
	NOTE	CANADIAN GAAP	IFRS ADJUST-MENTS	IFRS RECLASSI-FICATIONS	IFRS	CANADIAN GAAP	IFRS ADJUST-MENTS	IFRS RECLASSI-FICATIONS	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		133	—	—	133	1,519	—	—	1,519
Bonds		10,955	—	—	10,955	10,036	—	—	10,036
Trade and other receivables		610	—	—	610	375	—	—	375
Tax credits and grants receivable	(a)	1,784	—	(333)	1,451	1,666	—	(333)	1,333
Inventories		—	—	—	—	2,225	—	—	2,225
Research supplies	(a)	301	—	(301)	—	287	—	(287)	—
Prepaid expenses	(a)	397	—	342	739	302	—	328	630
Total current assets		14,180	—	(292)	13,888	16,410	—	(292)	16,118
Non-current assets:									
Bonds		35,249	—	—	35,249	51,807	—	—	51,807
Property and equipment		1,299	—	—	1,299	1,229	—	—	1,229
Other assets	(a)	2,817	—	(41)	2,776	41	—	(41)	—
Total non-current assets		39,365	—	(41)	39,324	53,077	—	(41)	53,036
Total assets		53,545	—	(333)	53,212	69,487	—	(333)	69,154
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	7,198	—	(333)	6,865	5,901	—	(333)	5,568
Current portion of deferred revenue		—	—	—	—	6,847	—	—	6,847
Total current liabilities		7,198	—	(333)	6,865	12,748	—	(333)	12,415
Non-current liabilities:									
Deferred revenue		—	—	—	—	13,691	—	—	13,691
Total non-current liabilities		—	—	—	—	13,691	—	—	13,691
Total liabilities		7,198	—	(333)	6,865	26,439	—	(333)	26,106
Equity									
Share capital		269,219	—	—	269,219	279,169	—	—	279,169
Contributed surplus	(b)	5,585	175	—	5,760	6,484	273	—	6,757
Deficit	(b)	(228,829)	(175)	—	(229,004)	(243,887)	(273)	—	(244,160)
Accumulated other comprehensive income		372	—	—	372	1,282	—	—	1,282
Total equity		46,347	—	—	46,347	43,048	—	—	43,048
Total liabilities and equity		53,545	—	(333)	53,212	69,487	—	(333)	69,154

THERATECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

Reconciliation of comprehensive income for the year ended November 30, 2009:

	NOTE	CANADIAN GAAP $	IFRS ADJUST-MENTS $	IFRS RECLASSI-FICATION $	IFRS $
Revenue:					
Research services:					
Milestone payments	(c)	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	6,560	6,560
Royalties and license fees	(c)	17,468	—	(17,444)	24
Interest	(c)	2,252	—	(2,252)	—
Total revenue		19,720	—	(2,252)	17,468
Research and development expenses, net of tax credits	(b), (c)	20,431	33	346	20,810
Selling and market development expenses	(b), (c)	2,583	10	4,269	6,862
General and administrative expenses	(b), (c)	7,149	55	(661)	6,543
Patents	(c)	346	—	(346)	—
Fees associated with the collaboration and licensing agreement	(c)	4,269	—	(4,269)	—
Total operating expenses		34,778	98	(661)	34,215
Results from operating activities		(15,058)	(98)	(1,591)	(16,747)
Finance income	(c)	—	—	2,252	2,252
Finance costs	(c)	—	—	(661)	(661)
Total net finance income		—	—	1,591	1,591
Net loss		(15,058)	(98)	—	(15,156)
Other comprehensive income:					
Net change in fair value of available-for-sale financial assets		1,039	—	—	1,039
Net change in fair value of available-for-sale financial assets transferred to net profit (loss)		(129)	—	—	(129)
Other comprehensive income for the year		910	—	—	910
Total comprehensive income for the year		(14,148)	(98)	—	(14,246)

Material adjustments to the consolidated statement of cash flows for 2009:

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.

Notes to the reconciliations:

(a) Reclassification in the consolidated statement of financial position:

Certain corresponding figures as at December 1, 2008 and November 30, 2009 have been reclassified to conform to the new presentation under IFRS.

(b) Share-based compensation:

In certain situations, stock options granted vest in instalments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each instalment should be accounted for as a separate share-based payment arrangement under IFRS,

otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each instalment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the instalments depending on the policy elected.

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $175 was required on the application of IFRS 2 at the transition date, and an adjustment of $98 was required for the restated 2009 comparative balances as shown below:

	DECEMBER 1, 2008 $	NOVEMBER 30, 2009 $
Consolidated statement of comprehensive income:		
Increase in research and development expenses	—	33
Increase in selling and market development expenses	—	10
Increase in general and administrative expenses	—	55
Adjustment to net loss and total comprehensive loss	—	98
Deficit	(175)	(273)
Increase in contributed surplus	175	273

(c) Reclassification in the consolidated statement of comprehensive income:

Under IFRS, the Company elected to present expenses using a classification based on their function and presents net finance income separately. The effect of these changes is summarized below:

	NOVEMBER 30, 2009 $
Decrease in interest	(2,252)
Increase in finance income	2,252
Increase in research and development expenses	346
Decrease in patent fees	(346)
Decrease in general and administrative expenses	(661)
Increase in finance costs	661
Increase in selling and market development expenses	4,269
Decrease in fees associated with the collaboration and licensing agreement	(4,269)
	—

Changes in presentation were also made to the revenue caption in order to conform with the new presentation under IFRS as noted below:

	NOVEMBER 30, 2009 $
Decrease in royalties and license fees	(17,444)
Increase in upfront payments and initial technology access fees	6,560
Increase in milestone payments	10,884
	—

Exhibit 99.4

ANNUAL INFORMATION FORM
Financial Year Ended November 30, 2009

February 23, 2010

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 approval of an NDA (hereafter defined) from the FDA (hereafter defined), the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and in other territories, the entering into strategic alliances with partners, the announcement of a new clinical program for tesamorelin and the development program of Theratechnologies’ peptides in AKI (hereafter defined). More specifically, paragraphs relating to the Company’s perspectives, notably Items 2.3, 3.1B and 3.2B*iii* are forward-looking by nature. 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 Item 3.10 and investors are advised to review this Section carefully.

Although the forward-looking information contained in this Annual Information Form is based upon what the Company believes are reasonable assumptions as of the date hereof, 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 FDA will approve the NDA filed by the Company, that tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy will be accepted by the market once commercialized and that current relationships with the Company’s third-party service or product providers 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 operating results.

TABLE OF CONTENTS

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 has also developed its own peptides such as tesamorelin, the Company's lead compound and some analogues of peptides. Over the years, the Company proceeded to focus its activities with the result that it is now specializing in the development of novel therapeutic peptides 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 all of the outstanding shares of 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. Pharma-G is no longer an active wholly-owned subsidiary of the Company.

The Company has 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 excess abdominal fat in HIV-infected patients with lipodystrophy. For a description of the Collaboration and Licensing Agreement, see Item 2.1B.

The Company concluded its Phase 3 clinical trials evaluating tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in December 2008. In May 2009, the Company submitted a new drug application (hereafter "NDA") with the Food and Drug Administration of the United States of America (hereafter "FDA") for tesamorelin for the aforementioned treatment. In August 2009, the FDA accepted to file the NDA for review. In November 2009, the Company announced that the Endocrinologic and Metabolic Drugs Advisory Committee of the FDA (hereafter the "Advisory Committee") was to review the Company's NDA. In January 2010, the Company announced that the February 24, 2010 meeting date with the Advisory Committee was to be rescheduled due to an administrative delay at the FDA.

Today, the Company is primarily focused on responding to any queries that the FDA may have regarding the NDA submission and is in the process of preparing for the Advisory Committee. The Company is also collaborating with EMD Serono for the preparation of the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States if, and when, the NDA is approved by the FDA. Moreover, Theratechnologies has begun discussions with third parties in certain territories outside of the United States with the aim of entering into strategic alliances with those parties for the commercialization of tesamorelin. The Company continues to develop regulatory strategies for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories outside of the United States and more particularly in Europe. Finally, the Company just initiated a preclinical program on acute kidney injury (hereafter "AKI").

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 and concluded its Phase 3 clinical program for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

On December 19, 2006, the Company announced the top-line results for the first 26 weeks of its first Phase 3 clinical study.

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. 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*.

Certain top-line clinical results for the confirmatory Phase 3 clinical study were disclosed during the course of 2008. 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 concluded the Phase 3 clinical studies for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Also, 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 *United States 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 began a clinical trial with tesamorelin on obese subjects with a moderate growth hormone deficiency. Most of those subjects have excess visceral adipose tissue. The Company accepted to provide tesamorelin for this study and it will retain all benefits from the results generated by this study, if any.

During the 2009 financial year, the Company met important regulatory and financial milestones. In May 2009, the Company submitted a NDA with the FDA for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The NDA was accepted for filing by the FDA for substantive review in August 2009 which triggered a US$10 million milestone payment pursuant to the Collaboration and Licensing Agreement. In November 2009, the Company announced that the Advisory Committee was to hold a meeting with the Company to review the Company's NDA. In January 2010, the Company announced that the February 24, 2010 meeting date with the Advisory Committee was to be rescheduled due to an administrative delay at the FDA. Since the acceptance for filing by the FDA of the NDA, the Company has assisted in the FDA review process by responding to queries regarding the NDA as they arise and it is preparing for the review of its NDA by the Advisory Committee.

Moreover, in 2009, the Company began initiating discussions with third parties in territories outside of the United States with the aim of entering into strategic alliances with those parties to expand the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company is exploring commercialization strategies in Brazil and Europe, among other territories.

Finally, in 2009 and early 2010, the Company entered into various third-party supply agreements for the manufacturing and commercialization in the United States of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. For a summary of these agreements, see Item 3.6A.

ii. Acute Kidney Injury

During the last financial years, the Company developed and did some preclinical work on a molecule known as THG213.29 with the intent of pursuing a clinical program in AKI. AKI is the acute deterioration of kidney function leading to increased urea waste products and electrolyte imbalance in blood which complicates patient management in intensive care units and is highly associated with mortality. Lack of a consensus in the definition of AKI and biomarkers, in addition to inadequate understanding of the etiology of the disorder, have hampered drug development in this indication. In the last few years, significant developments in this indication such as the appreciation of mild increments of plasma creatinine as a marker of serious kidney injury, the role of inflammation in the exacerbation and maintenance of AKI, the discovery and validation of novel early biomarkers of AKI such as neutrophil gelatinase-associated lipocalin (hereafter “NGAL”), cystatin-C, N-acetyl D-glucosaminidase and interleukin 18, have allowed the Company to devise novel peptides which could potentially prevent the disorder or treat patients at an earlier stage.

To date, the only widely used biomarker of AKI is plasma creatinine. However, it is now known that even small increments in serum creatinine (50% over basal levels) indicate major renal impairment. Moreover, serum creatinine is a late stage biomarker of AKI and its increments are observed within 48-72 hours after surgery. In the last few years, new serum and urinary biomarkers have been identified and some are undergoing clinical validation. Of these biomarkers, plasma and urinary levels of NGAL were shown to increase as early as two to six hours after major surgery. These developments in the diagnosis of AKI offer a unique opportunity in the selection of patients and intervention with therapeutics to prevent or treat AKI in its early stages which may have a significant clinical benefit on the mortality associated with AKI.

Through further research and development, the Company discovered new bifunctional peptides that appear to have favourable properties in the preclinical animal models of AKI and, as a result thereof, the Company decided, in its fiscal year 2008, to replaceTHG213.29 with the new bifunctional peptide in the event the Company decides to develop a clinical program for AKI, which is presently in preclinical development.

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 F2alpha receptor for use in pre-term labour and primary dysmenorrhea (painful menstruation).

The Company is also conducting discovery activities in order to add peptides to its product portfolio.

B. Strategic Alliance Agreement for Tesamorelin

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-infected 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 excess abdominal fat in HIV-infected patients with lipodystrophy up to the obtainment of marketing approval in the United States. The Company is also responsible for the manufacturing and supply of tesamorelin and for the development of a new formulation of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. EMD Serono is responsible for conducting product commercialization activities. The agreement also entitles the Company to conduct research and development for additional clinical programs. EMD Serono has the option to commercialize products resulting from additional clinical programs with tesamorelin in the United States. If EMD Serono exercises this option, it will pay half of the development and regulatory costs incurred and to be incurred by the Company in connection with such clinical programs. 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 clinical programs. On December 15, 2008, the closing date of the transaction relating to the Collaboration and Licensing Agreement, the Company received US$30 million, which included an initial payment of US$22 million and US$8 million as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 per share. In August 2009, the Company received a US$10 million milestone payment from EMD Serono associated with the acceptance to file the NDA by the FDA. Under the terms of the Collaboration and Licensing Agreement, the Company may receive up to US$215 million, which includes the initial payment of US$22 million with the associated equity investment of US$8 million and the US$10 million aforementioned regulatory milestone as well as payments based on the achievement of certain other regulatory and sales milestones. The Company will also be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

C. Executive Management

In the past three financial years, the following executive officers joined the Company: Jocelyn Lafond, Christian Marsolais and Andrea Gilpin.

D. Financing Activities

During the last three financial years, the Company completed two public financings. 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, $396,871 in 2008, and $0 in 2009 following the exercise of options under its share option plan. Finally, the Company received proceeds of $128,580 in 2007, $149,103 in 2008, and $96,172 in 2009 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 sold its interests in various companies. In the financial year ended November 30, 2009, the Company owned a 0.001% interest in Boyuan Construction Group Inc. (formely Andromed Inc.). On January 22, 2010, the Company sold its interest in Boyuan Construction Group Inc. on the open market. In the financial year ended November 30, 2007, the Company sold the balance of its common shares in Thallion Pharmaceuticals Inc. (formerly Ecopia BioSciences Inc.) on the open market.

2.2 RECENT DEVELOPMENTS

Since the fiscal year-end, the Company has continued to negotiate third-party supply agreements in connection with its obligations to manufacture and supply tesamorelin to EMD Serono for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Hence, on December 23, 2009, the Company entered into a manufacturing and supply agreement with Draxis Pharma General Partnership (hereafter "Draxis") in order to ensure the commercial supply of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. For a description of this agreement, see Item 3.6A*ii*.

On January 5, 2010, the Company also entered into a supply agreement with Gruppo Cartotecnico ABAR Litofarma S.R.L. (hereafter "ABAR") in order to ensure the commercial supply of pharmaceutical mass market folding boxes for the sale of tesamorelin in the United States.

On January 25, 2010, the Company announced that the FDA would reschedule its meeting of the Advisory Committee to review its NDA for tesamorelin. Originally scheduled for February 24, 2010, the meeting will be rescheduled due to an administrative delay at the FDA. The FDA informed the Company that this delay is entirely procedural and is not related to the tesamorelin NDA.

In addition, on February 10, 2010, the Board of Directors adopted a shareholder rights plan (hereafter the "Rights Plan") effective as of such date, by entering into a shareholder rights agreement with Computershare Trust Company of Canada, as right agent (hereafter the "Rights Plan Agreement"). The purpose of the Rights Plan is to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for the Company, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares. The Rights Plan is subject to ratification by the shareholders of the Company at the Company's next annual and special meeting of shareholders. If shareholders do not ratify the Rights Plan at the Company's next annual and special meeting of shareholders, the Rights Plan will automatically terminate. For a summary of the Plan, see Item 7.

2.3 EXPECTATIONS FOR THE PRESENT FINANCIAL YEAR

The Company's primary objective for the current financial year is obtain marketing approval of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Marketing approval could result in the achievement of regulatory milestones under the Collaboration and Licensing Agreement. Once approved, the Company expects to receive royalties from the sale of tesamorelin in the United States. Also, the Company will continue to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy if, and when, the NDA is approved by the FDA.

The Company's second objective is to expand into new territories where tesamorelin could be used for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. To this end, during the present financial year, the Company will be seeking third parties having a regulatory expertise in obtaining marketing approval of new drugs and a commercial expertise in launching new pharmaceutical products with the intent of entering into strategic alliance agreements with them. Under such agreements, these third parties would be responsible for obtaining marketing approval of tesamorelin in one or more territories and commercializing tesamorelin in such territories.

Concurrently with the seeking of third parties with which to enter into strategic alliance agreements, the Company will continue to pursue regulatory activities outside of the United States to advance its application regarding the use of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. However, given the Company's primary objective, the pace at which these activities will progress will depend on the FDA's decision regarding the Company's NDA as well as on the timing of such decision.

The Company's third objective is to select and begin additional clinical programs once it has obtained marketing approval for tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

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. The Company has sufficient liquidities to self-finance its activities for the current financial year.

ITEM 3 DESCRIPTION OF THE BUSINESS OF THE COMPANY

3.1 STRATEGIC APPROACH

A. Mission

Theratechnologies is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

B. Strategy

The Company's strategy for growth consists in focusing on tesamorelin. In pursuing this strategy, the Company intends to:

- Obtain regulatory approval for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States;
- Enter into strategic alliance agreements with third parties for regulatory approvals and for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories outside of the United States;
- Develop additional clinical programs for tesamorelin which meet the criteria described below other than programs in HIV-associated lipodystrophy; and
- Manage the life cycle of tesamorelin with the development of new formulations and, in the longer-term, develop and/or use improved drug delivery systems.

The Company relies on the following set of criteria in building its product portfolio:

- Have the ability to be protected by one or more patents;
- 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, given the early development stages of these molecules, the Company may consider, at a later stage, acquiring advanced-stage molecules from third parties which meet these criteria to grow its product portfolio.

C. Business Plan

i. Commercialization

The first priority of the Company is to obtain marketing approval from the FDA for the commercialization of tesamorelin in HIV-infected patients with lipodystrophy in the United States. To that end, the Company has formed various groups within the Company who meet on a regular basis

and work closely with EMD Serono's teams to prepare the commercialization of tesamorelin in the United States, if and when tesamorelin is approved.

The Company's strategy is to leverage the application already created for the United States market. Therefore, the second priority of the Company consists in expanding the territories where tesamorelin for the treatment of excess abdominal fat for HIV-infected patients with lipodystrophy can be commercialized. The Company currently has ongoing discussions with third parties in territories outside of the United States with the aim of entering into strategic alliance agreements with such third parties. Under such strategic alliance agreements, these third parties would be responsible to obtain marketing approval of tesamorelin in one or more territories and to commercialize the product in such territories. The Company is exploring commercialization strategies in Brazil and Europe, among other territories.

As for the Canadian markets, the Company has the option to enter into a strategic alliance with a third party for the commercialization of tesamorelin or to retain the commercial rights to tesamorelin and commercialize it itself in Canada. However, as of the date hereof, the strategy for the commercialization of tesamorelin in Canada has yet to be determined.

ii. Manufacturing

The Company only has the capacity to manufacture small quantities of peptides in its laboratories, which may be used for preclinical studies.

In 2001, the Company entered into a manufacturing agreement with Bachem, Inc. (hereafter "Bachem"), an American subsidiary of Swiss-based Bachem AG, for the manufacture of larger quantities of drug substances to be used for clinical programs (hereafter the "2001 Bachem Agreement"). On March 11, 2009, the Company and Bachem entered into a new manufacturing and supply agreement (hereafter the "API Supply Agreement") providing for the manufacture and supply of tesamorelin for clinical programs and for commercial use. The API Supply Agreement replaces and supersedes the 2001 Bachem Agreement. For a description of the API Supply Agreement, see Item 3.6A*i*.

As part of the process of manufacturing tesamorelin, the Company entered into an agreement for the manufacture and supply of the drug product for tesamorelin with Draxis Pharma, a division of Draxis Specialty Pharmaceuticals, Inc. (hereafter "Draxis") in 2001. This agreement provides for Draxis to manufacture tesamorelin in its finished form as per the formulation and manufacturing process developed by the Company. On December 23, 2009, the Company and Draxis entered into another manufacturing and supply agreement providing for the manufacture and supply of commercial lots of tesamorelin (hereafter the "Lyophilization Agreement"). Pursuant to the Company's agreements with Draxis, Draxis must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations as directed by the Company. For a description of these agreements, see Item 3.6A*ii*.

In addition, the Company has also entered into other commercial agreements to ensure the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. For a description of the most salient agreements, see Item 3.6A.

iii. 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 carried out internally. 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.

iv. Discovery and Preclinical

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' Long Acting Peptide Method (hereafter "LAP") is a peptide stabilization method which increases the target protein's resistance to enzymatic degradation, while maintaining its natural specificity. This usually results in a more stable and efficient compound. The Company's tesamorelin was developed in house using this technology.

Theratechnologies has developed know-how in peptides in the field of AKI and the Company continues its research and development for new peptides.

3.2 COMPANY PRODUCTS

Presently, the Company's products are at different stages of development. In keeping with its 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	Preclinical	Phase 1	Phase 2	Phase 3	Regulatory review
Programs developed internally:					
HIV-associated lipodystrophy - tesamorelin	●	●	●	●	◐ (1)
Acute kidney injury – TH0673	◐				
Third-party studies evaluating tesamorelin:					
Growth hormone deficient abdominal obesity ("GHDAO") (2)	●	●	◐		
Pre-Alzheimer syndrome (Mild cognitive impairment) (3)	●	●	◐		

◐ : ongoing ● : completed

(1) The Company has completed its Phase 3 clinical studies and is currently under regulatory review at the FDA.

(2) Independent Study sponsored by the NIH and led by Dr. Steven Grinspoon and the MGH.

(3) Independent Study sponsored by the NIH and led by Dr. Michael V. Vitiello and the University of Washington.

B. Tesamorelin

Tesamorelin, a synthetic human 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 Item 3.1C*iv*. above, thus prolonging its duration of action. This product induces growth hormone (hereafter "GH") 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

Tesamorelin induces the secretion of endogeneous GH by the pituitary gland, which plays a key role in regulating metabolism. GH has diverse functions, including the regulation of body composition, glucose and lipid metabolism as well as cardiac function. It exerts its lipolytic effect by reducing the accumulation of fat in adipose tissue. GH also influences anabolism, immune function and cognitive function. It exerts its effect on protein metabolism either directly or indirectly through increased production of insulin-like growth factor-1 (hereafter "IGF-1") in the liver or in peripheral target tissues.

The effects of GRF (a hypothamalamic hormone) /GH on adipose tissue have led to several clinical trials in the area of HIV-associated lipodystrophy with recombinant human (hereafter "rh) GRF, rhGH and tesamorelin. Phase 3 trials undertaken with tesamorelin have demonstrated that the lipolytic action induced by this treatment was capable of decreasing visceral adipose tissue (hereafter "VAT") without decreasing the subcutaneous adipose tissue (hereafter "SAT"). The limited effect of tesamorelin on SAT is important for the treatment of HIV-infected patients with lipodystrophy, which is often associated with lipoatrophy, the latter being characterized by a reduction of SAT.

The safety profiles of rhGH and tesamorelin are very different. The natural synthesis of GH 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. Tesamorelin induces optimal activity of the somatotrope function and retains the natural rhythm (pulsatility) of the physiological secretion of GH, without interfering with the feedback mechanism mentioned above.

Tesamorelin has the characteristic of inducing secretion of GH in a natural and pulsatile fashion and mimics the advantages of natural GRF.

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. In fact, 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. Overall, the Company completed nine Phase 1 studies to (i) establish its safety after multiple doses, (ii) characterize its pharmacokinetic and pharmacodynamic profile in healthy

volunteers and also in patients, and (iii) evaluate the potential for drug-drug interactions with other compounds likely to be administrated with tesamorelin.

Phase 2. The Phase 2 clinical development program was 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 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 HIV-infected patients with lipodystrophy. 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 the Phase 2 clinical trials, the Company considered different clinical programs for the late-stage development of tesamorelin. It ultimately chose HIV-associated lipodystrophy because it provided an 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; and
- 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 diet-controlled 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-infected 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 the 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 VAT compared to an average increase of 5% in the placebo group ($p<0.001$).

The results of the extension phase (52 week data) of the Phase 3 study were announced on October 1, 2007, presented at the end of October at the 11th European AIDS Conference in Madrid and published in *AIDS* on September 12, 2008. The primary objective of the extension phase of the Phase 3 study was to evaluate the safety profile of tesamorelin over a 52 week period.

The confirmatory Phase 3 clinical study began in January 2007 and the recruitment was completed by 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, and presented at the beginning of August 2008 at the XVII International AIDS Conference in Mexico City. 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.

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. 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.

Since February 2009, the Company has made several oral and poster presentations at various scientific meetings relating to its continuous review of the data gathered from its confirmatory clinical study, and recently, the Company published the results of its confirmatory Phase 3 study in the *Journal of Acquired Immune Deficiency Syndromes*.

On May 29, 2009, the Company submitted a NDA to the FDA and, on August 12, 2009, the FDA accepted to file the Company's NDA. In November 2009, the Company announced that the Advisory Committee was to hold a meeting with the Company to review the Company's NDA. However, on January 25, 2010, the Company announced that the February 24, 2010 meeting date with the Advisory Committee was to be rescheduled due to an administrative delay at the FDA.

iii. Outlook

The Company is currently providing information to the FDA as part of the FDA's review of the Company's NDA and the Company continues to prepare for the Advisory Committee. If tesamorelin for the treatment of excess abdominal fat in HIV-infected patients is approved by the FDA, the Company expects EMD Serono to launch the product within the next two calendar quarters following the approval of the product.

The Company is considering two other potential groups of clinical programs for tesamorelin which meet the criteria described in Item 3.1B, namely, a clinical program for tesamorelin using the anabolic effects of the peptide, such as wasting or cachexia, and a clinical program for tesamorelin using the catabolic effects of the peptide, such as GHDAO. The Company does not plan to select and begin any additional clinical programs until marketing approval for tesamorelin in the United States for HIV- associated lipodystrophy has been obtained.

C. Compounds for Acute Kidney Injury

By applying the criteria described in Item 3.1B, AKI has been identified as a potential clinical program for internal development. The Company has developed novel peptides specifically tailored for the prevention or treatment of AKI. One of these peptides (TH0673) is a bifunctional peptide that is currently in preclinical development. For a description of AKI, see Item 2.1A*ii*.

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 medical condition characterized by abnormalities in body shape and composition, with multiple associated metabolic disturbances, including dyslipidemia and insulin resistance. In HIV-infected patients, lipodystrophy may be a consequence of the viral infection, of antiretroviral therapy, or of both. Several concerns that arise as a result of HIV-associated lipodystrophy include a range of physiological and psychological complications, beyond the significant health and mortality risks of the infection itself. The changes in body composition include lipoatrophy, which is the loss of subcutaneous fat tissue, generally in the limbs and the facial area, and/or 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. Recent estimates from the *Joint United Nations Programme on HIV/AIDS* established the prevalence of HIV at 1.4 million in North America and Mexico and at 850,000 for Western & Central Europe. In addition, the Brazilian Health Ministry has indicated that approximately 350,000 patients are living with AIDS in Brazil. Of the patients diagnosed and treated for HIV/AIDS, the overall prevalence of excess abdominal fat is estimated at 30% although exact prevalence of excess abdominal fat may vary from region to region.

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

B. Acute Kidney Injury

AKI is the acute deterioration of kidney function leading to increased urea waste products and electrolyte imbalance in blood which may also affect other organs. AKI is common among hospitalized patients and complicates the management of patients in intensive care units. It affects 3-7% of patients admitted to hospital and approximately 25-30% of patients in the intensive care unit within days of major surgery. The population incidence of AKI is approximately 2,000 — 3,000 patients per million per year. Unfortunately, despite hospitalization and renal replacement, AKI is highly associated with mortality; of the dialyzed patients, the mortality rate is 40-60%.

Currently the only approved treatment for post-surgical AKI is hemodialysis. New developments in the diagnosis of AKI offer a unique opportunity in the early selection of patients and intervention with therapeutics to prevent or treat AKI in its early stages which may have significant clinical benefit on the mortality associated with AKI. For a description of these new developments see Item 2.1A*ii*.

The Company believes that there exists an unmet clinical need for effective pharmacological therapies and it has produced peptidic molecules which could be used for the potential prevention or treatment of AKI.

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 Therapeutic Products Directorate of the Health Products and Food Branch of Health Canada. 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 a registration file shows that the product was developed in accordance with the regulatory authorities' rules, regulations and guidelines and demonstrates a favourable risk/benefit analysis, then the regulatory authorities issue a notice of compliance (Canada) or an approval action letter (US), which allows the Company to market the product. The Company is also examining the regulatory parameters in other territories to obtain a drug approval.

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 patent families, each covering a product or a technology. There are six families which cover therapeutic peptides under development. Presently, the Company holds one family of patents which protect the tesamorelin peptide and a series of tesamorelin analogues, two families which are aimed at protecting therapeutic indications of tesamorelin, and one family which covers a new formulation thereof. In addition, there are two families which are aimed at protecting peptides in the area of AKI.

With respect to patents, the Company generally proceeds by first filing a provisional application with the US Patent and Trademark Office (hereafter "USPTO"), following which 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 and 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 patent applications relating 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 and elsewhere. It is also possible for the Company to obtain from the USPTO a Patent Term Extension for up to five years in connection with the approval of a drug. 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. On December 29, 2009, the Company obtained patent protection for tesamorelin in Brazil. This patent will provide protection until December 2019.

In addition, in 2009, the Company enlarged the family of patents which protects a new formulation of tesamorelin by filing nineteen (19) national and regional entry phases of its PCT application.

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. AKI

In 2008, the Company filed patent applications for its molecules, including the bifunctional peptides that could be used for AKI. The Company has recently filed many national and regional entry phases of its PCT application for AKI.

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 COMMERCIAL AGREEMENTS

A. Supply Agreements

As per the Collaboration and Licensing Agreement, the Company is responsible for the manufacture and supply of tesamorelin to satisfy commercial demands in the United States. In order to fulfill these obligations, The Company has negotiated and entered into various third-party supply agreements.

i. Bachem

On March 11, 2009, the Company entered into the API Supply Agreement with Bachem for the development and validation of the manufacturing process for lots of tesamorelin which had begun under a previous agreement, the development and validation of a manufacturing process for the production of the active pharmaceutical ingredient for tesamorelin, and for the manufacturing and supply of tesamorelin for clinical programs and for commercial sale in the United States. This API Supply Agreement replaces and supersedes a previous agreement between the Company and Bachem, the American subsidiary of Swiss-based Bachem AG pertaining to the manufacture of tesamorelin.

ii. Draxis

In 2001, the Company entered into an agreement with Draxis for the manufacture and supply of the drug product for tesamorelin. 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 fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to the Company. Draxis also carries out stability studies on tesamorelin.

On December 23, 2009, the Company entered into the Lyophilization Agreement. This agreement provides for Draxis to manufacture and supply commercial lots of tesamorelin to the Company as a lyophilized product for the commercial sale of tesamorelin in the United States. Pursuant to this agreement, Draxis must fill vials with tesamorelin, lyophilize it, label and package those vials and deliver them to locations as directed by the Company.

iii. Becton Dickinson

On November 6, 2009, the Company entered into a supply agreement with Becton Dickinson Canada Inc. (hereafter “Becton Dickinson”). This agreement provides for Becton Dickinson to supply the Company with syringes and hypodermic needles to be supplied with tesamorelin in the United States. Under this agreement, Becton Dickinson shall also package, label and supply the needles in conformance with the Company’s specific needs for the commercial use of tesamorelin in the United States.

iv. Hospira

On March 26, 2009, the Company entered into a development and supply agreement with Hospira Worldwide, Inc. This agreement provides for Hospira to manufacture and supply for the Company a sterile water for injection, filled and finished in plastic vials, in connection with the sale of tesamorelin in the United States.

v. ABAR

On January 5, 2010, the Company also entered into a supply agreement with ABAR, an Italian company, in order to ensure the commercial supply of pharmaceutical mass market folding boxes for the sale of tesamorelin in the United States.

B. Strategic Alliance Agreements

i. 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 2.1B.

ii. 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. 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.

iii. 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 the 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 the 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

As at November 30, 2009, the Company had 98 employees, of whom 64 were members of the research and development team and 37 held post-graduate diplomas (MBA, M.Sc., Ph.D. and M.D.). The Company's employees have expertise in various biotechnology sectors such as the development of peptides, synthesis, toxicology, immunology, regulatory and the conduct of preclinical and clinical studies. The Company also has a self-sufficient administrative department which includes legal and financial professionals and it has a business development and marketing team. The Company maintains good relationships with its employees, and promotes collegiality and teamwork. To that end, the Company has created various multi-disciplinary teams to work on the Company's NDA and its filing with the FDA and to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin in the 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 36,400 square-feet, which houses both offices and laboratories. The current lease has a 10 year term which expires in April 2010. In October 2009, the Company entered into a new agreement with *Société de portefeuille immobilier GE Q-Tech inc*. for the renewal of its lease which will become effective on May 1, 2010 and will expire on April 30, 2021. Under the terms of this new lease agreement, the Company has two five (5) year renewal options. If exercised, the first renewal option will start on May 1, 2021 and expire on April 30, 2026 and the second renewal option, if exercised, will start on May 1, 2026 and expire on April 30, 2031.

The facilities contain laboratories which enable the Company 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 to 8000 ml) and also a 12-channel automated peptide synthesizer. The peptides are purified using preparative high performance liquid chromatography (hereafter "HPLC") comprising either the Dynamic Axial Compression column, or a number of pre-packed columns. The final peptides are dried to a solid form using lyophilization equipment. The analyses on the quality of the peptides are done using a variety of equipments including HPLC instruments Agilent 1100 and 1200, UV spectrophotometers and a water content analyzer. These tasks are accomplished by well trained personnel. The Company has established a quality system which ensures the highest quality of peptides which meet the requirements for research and preclinical studies.

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. A designated laboratory section is equipped to conduct studies according to Good Laboratory Practices.

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 operating results. 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 commercial success of the Company depends largely on the development and commercialization of tesamorelin; the failure by the Company to commercialize tesamorelin would 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 peptides, all are at earlier stages 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 excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the United-States market alone. Although the Company entered into the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors:

- receipt of regulatory approvals of tesamorelin for the treatment of excess abdominal fat in HIV- infected patients with 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);
- entering into one or more strategic alliance agreements with one or more partners or building a marketing and sales force in countries other than the United States to help with the regulatory approval and/or the marketing and sale of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in those countries;
- in the United States, the amount of resources used by the Company's commercial partner to commercialize tesamorelin;
- maintaining manufacturing and supply agreements to ensure the availability of 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 claims.

The Company's inability to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term in the United States would delay its capacity to generate revenues and would affect its financial condition and operating results.

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 Company focused its development to treat excess abdominal fat in HIV-infected patients with lipodystrophy and the first market the Company wishes to penetrate for this treatment is the United States. The rules and regulations relating to the approval of a new drug are complex and stringent and although the FDA has accepted the filing of the Company's NDA, there can be no guarantee that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In addition, there can be no guarantee that the Company will be able to obtain the regulatory approvals of agencies in other countries to sell tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

All of the products of the Company are subject to preclinical and clinical studies. If the results of such studies are not positive, the Company may not be in a position to make any filing to obtain the mandatory regulatory approval or, even where a product has been filed for approval, it may have to conduct additional clinical studies or testing on such product until the results support the safety and efficacy of such product. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, refused. If tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is not approved for commercialization in the United States by the FDA, the capacity of the Company to generate revenues in the short-term will be hampered and this will have an adverse effect on its financial condition and its operating results.

The obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Company obtains regulatory approval from one agency, or succeeds in filing the equivalent of a NDA 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 evidence of the safety and efficacy of a product in order to allow the Company to sell the product 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 of a product and such additional tests may delay the approval of a product, can have a material adverse affect on the Company's financial condition based on the type of additional tests to be conducted and may not necessarily lead to the approval of a product.

Although the Company has received a Special Protocol Assessment 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 excess abdominal fat in HIV-infected patients with lipodystrophy. Even if the FDA approves tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that other regulatory agencies will approve tesamorelin for this treatment in their respective countries.

Even if the Company obtains regulatory approval for any of its products, regulatory agencies have the ability 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 of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy 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 and 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 the FDA's Good Manufacturing Practices (hereafter "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 Company has no control over the timing of the review of its NDA by the FDA.

Although the FDA advised the Company that it had set a date of March 29, 2010 under the *Prescription Drug User Fee Act* (United States), more commonly known as "PDUFA", by which it targets to have completed its review of the Company's NDA, there can be no guarantee that such date shall be met. The Company has no control over the timing of the review of its NDA by the FDA and this timing could vary based on the FDA's workload, potential review issues contained in the Company's NDA and other similar factors over which the Company has no control.

Even if tesamorelin is ultimately approved by the FDA, any delay in completing the review of the Company's NDA will result in a delay in the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy and could materially adversely affect the operating results of the Company and the development of future clinical programs.

The Company is dependent on the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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, the Company granted its commercial partner the exclusive right to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. Although the agreement contains provisions governing the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 exact timing of the launch of tesamorelin in the United States, if approved by the FDA;
- the limited 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 adversely affect the commercialization of tesamorelin in the United States, all of which will divert the attention of Company's management and its 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 fulfill its obligations under the Collaboration and Licensing Agreement;
- the termination of the Collaboration and Licensing Agreement, which would adversely affect the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

The Company relies on third parties for the manufacture and supply of 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 tesamorelin for clinical studies and currently intends to rely on third parties to manufacture and supply large quantities of tesamorelin for commercial sales, if approved by the FDA or other regulatory agencies.

The Company's reliance on third-party manufacturers exposes 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 or 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 subject to delays in the manufacturing of tesamorelin and any other peptide. Any delay in the supply of a product could slow down or interrupt the conduct of clinical trials and, if a product has reached commercialization, could prevent the supply of the product and accordingly, adversely affect the revenues of the Company. Under the Collaboration and Licensing Agreement, the Company agreed to act as manufacturer and supplier of tesamorelin for its commercialization in the United States. Accordingly, any delay in manufacturing tesamorelin by third-party service providers may have a material adverse effect on the sales and royalties payable to the Company. In addition, any manufacturing delay or delay in delivering 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, a delay in clinical study programs and in the filing for regulatory approval of a product and, if a product is approved for commercialization, a shortage of such a product would result in lost revenue to 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 its use. 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 an application seeking reimbursement of a drug and must, therefore, rely in part on third-party service providers 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 a product 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 financial condition could be affected by the introduction of new regulations or amendments to existing regulations.

New regulations or changes to existing regulations affecting the Company and its potential customers could decrease demand for the Company's products and affect its operating results and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that can 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 excess abdominal fat in HIV-infected patients with lipodystrophy, which is now under regulatory review at the FDA. Tesamorelin is also being used in the Phase 2 studies conducted by the MGH and the University of Washington. For the other molecules and for tesamorelin in Phase 2 NIH studies, there could 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 or result in adverse patient reactions, this may require the Company to extend the term of its studies, to increase the number of patients enrolled in a given study or to undertake ancillary testing. Any of these events could increase the cost of conducting clinical studies, delay the filing of an application for marketing approval with regulatory agencies or result in the termination of a study and, accordingly, abandoning the commercialization of a molecule. In addition, the growth of the Company could be compromised since there can be no

guarantee that the Company will be able to develop new molecules, license or purchase compounds or products that will result in marketed products.

The Company relies on third-party service providers to conduct its preclinical and clinical studies and respond to the FDA's questions regarding the Company's NDA submission. The failure by one of these third parties to comply with their obligations may delay the studies, have an adverse effect on the Company's development program and/or delay the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

The Company has limited human resources to conduct preclinical and clinical studies and must rely on third-party service providers to conduct its studies and carry out certain data gathering and analyses. If the Company's third-party service providers 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, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of the agreements entered into 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 the filing of an application for marketing approval in a jurisdiction where the Company relies on third-party service providers to make such filing. In addition, where the Company relies on such third-party service provider to help in answering any question raised by a regulatory agency during its review of a Company file, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of the Company's third-party service providers are material, or, for any reason, such providers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, the Company would need to find alternative third-party service providers.

If the Company must change or select new third-party service providers, the planned working schedule related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if the Company must change or select new third-party service providers to carry out work in response to a regulatory agency review of a Company's application, there may occur delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product.

Any selection of new third-party service providers to carry out work related to preclinical and clinical studies would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would 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 financial condition and operating results.

The conduct of clinical trials requires the enrollment of patients and difficulties in enrolling patients could 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 which 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 could result in the cancellation of clinical trials or delays in completing them. Any of these events would have adverse consequences on the timely development of new products, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of the Company's products. Such events would adversely affect the business, the financial condition and operating results of the Company.

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 must enter into strategic alliance 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.

Although the Company was successful in finding a third party for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and although the Company has ongoing discussions with third parties with the aim of entering into strategic alliance agreements with such third parties to commercialize tesamorelin outside of the United States, the conclusion of an agreement with a party 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 the agreement. The outcome of this process is uncertain and the Company may not be able to conclude any other strategic alliance agreements for the commercialization of its products, including the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories other than the United States. The commercialization of the Company's products may be delayed if it is unable to find third parties to commercialize its products and this could adversely materially affect the financial condition and the operating results of the Company. Even if the Company enters into strategic alliance agreements with third parties for the commercialization of its products, those agreements often contain termination provisions which, if exercised, could delay the commercialization of its products given that the Company has no sales force. If the Company does not succeed in entering into a strategic alliance agreement for a particular territory, it would then not succeed in commercializing the product in such a territory. In such an event, the Company may decide to commercialize the product itself in that territory and the Company has no experience in commercializing a product in any market.

The Company's intent to possibly retain the commercial rights of its products for Canada implies that it would market and sell the product itself on the Canadian market. However, the Company currently has limited marketing capabilities and it has limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience the Company has in this area. To the extent the Company develops a sales force, the Company could be competing against companies that 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 a sales force which the

Company develops would be efficient and would maximize the revenues derived from the sale of a Company product.

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 would 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-related lipodystrophy with tesamorelin, there can be no guarantee that the Company will receive a patent in the other countries where it filed patent applications for the treatment of HIV-related lipodystrophy.

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 such confidential information, 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-related 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 an action against a third party infringing on the Company's intellectual property with respect to tesamorelin for the treatment of HIV-related 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-related lipodystrophy and adversely affect the Company's revenues.

The Company's commercial success depends, in part, on its ability not to infringe on third party 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 tesamorelin and its application in HIV-related lipodystrophy does not guarantee that the Company is not infringing on other third-party patents and there can be no guarantee that the Company will not be in violation of third-party 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 such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that the Company would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would 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 would 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-party 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 operating results 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. Although the Company believes that it has few direct competitors for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, it could face indirect competition.

In the other clinical programs currently being evaluated by the Company for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which the Company is evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to those of the Company. In addition, some of these competitors could be 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 further develop 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 developing such systems and attracting and retaining qualified personnel. Failure to manage growth effectively could have an adverse effect on the Company's business, financial condition and operating results.

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 financially 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, 2009, the Company reported losses of $15,058,000. 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, 2009, it had an accumulated deficit of $243,887,000. The Company does not expect to generate significant recurrent revenues in the immediate future and will continue to experience losses as it continues its efforts to obtain regulatory approvals for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with

lipodystrophy in the United States 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 (i) to obtain regulatory approval for the use of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and on the capacity of its commercial partner to commercialize tesamorelin for such indication and (ii) to expand the commercialization of tesamorelin in other territories. 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.

Although the Company has enough funding to support its current business plan, the Company does not generate significant revenues and may need financing in order to sustain its growth, 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 condition and operating results 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 the Company 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 also not receive royalties. 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 operating results.

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 an application to obtain regulatory approval, beginning of commercialization or announcement of additional clinical programs 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 publicly announced timeline. 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 operating results of the Company.

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

The Company conducts research activities in order to increase its portfolio of products. 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 its portfolio of products.

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 available coverage and, therefore, have a material adverse effect upon the Company and its financial condition. 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, their position or office held 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 22, 2010. 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	190,100
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	200,000
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	Corporate Director	2005	18,100
Yves Rosconi(4) Québec, Canada	President and Chief Executive Officer of the Company	2004	67,093
Jean-Denis Talon(1) (2) Québec, Canada	Chairman of the Board AXA Canada (Insurance Company)	2001	60,000
Luc Tanguay(4) Québec, Canada	Senior Executive Vice President and Chief Financial Officer of the Company	1993	83,000

(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 Inc., 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 Inc. developed notable expertise in tax-shelter financings. Retired since 1997, Mr. Pommier has acted as a director for many other 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 than forty years of experience in the pharmaceutical field. Former President of Jouveinal Canada, 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 du 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. *Corporate Director*. Mr. Bernard Reculeau brings over twenty-five years of pharmaceutical industry experience to Theratechnologies. From September 2006 to December 2009, he was the President of CIS Bio International, a French company specializing in nuclear medicine and biomedical technologies. Prior to joining CIS Bio International, Mr. Reculeau 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. Mr. Reculeau retired in early 2010.

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. Mr. Rosconi has been acting as Chairman of the Board of Directors for BIOQuébec since September 24, 2008.

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.

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 its annual financial statements prior to approval thereof by the Board of Directors and also to perform other duties, as is described in the Audit Committee's charter adopted by the Board of Directors and attached hereto as Appendix A.

B. Committee Members

As of November 30, 2009, 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. While acting as a director of Royal Aviation Inc., he was also a member of its audit committee.

Jean-Denis Talon. Mr. Talon has more than twenty years of experience in the insurance field as a senior officer. Mr. Talon acted as a member of the audit committee of AXA Canada from March 1995 to April 2008. He has been a member of the audit committee of InnovAssur since March 1999 and since November 1999, he has been acting as Chairman of its audit committee.

Gérald A. Lacoste. Mr. Lacoste has more than thirty years of experience in the fields of securities regulation, corporate finance and corporate governance. Mr. Lacoste was president of the audit committee of Amisco Ltd. from 2002 to 2009 and was also a member of the audit committee of Andromed Inc. from 2004 to 2007. Mr. Lacoste has been a member of the audit committee of Génome Québec since 2006.

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, 2009	Financial Year Ended November 30, 2008
Audit Fees	$ 80,000	$ 77,000
Audit-Related Fees (1)	$ 17,500	$ 71,300
Tax Fees (2)	$ 39,626	$ 40,064
All Other Fees	—	—

(1) Audit-related fees relate principally to services rendered in connection with the Company's quarterly financial statements. For the financial year ended November 30, 2008, audit-related fees paid to KPMG also included fees related to services rendered in connection with the Company's public offering.

(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 22, 2010.

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	190,100
Yves Rosconi Québec, Canada	President and Chief Executive Officer	67,093
Luc Tanguay Québec, Canada	Senior Executive Vice President and Chief Financial Officer	83,000
Marie-Noël Colussi Québec, Canada	Vice President, Finance	10,075
Chantal Desrochers Québec, Canada	Vice President, Business Development and Commercialization	16,300
Andrea Gilpin Québec, Canada	Vice President, Investor Relations and Communications	6,000
Jocelyn Lafond Québec, Canada	Vice President, Legal Affairs, and Corporate Secretary	Nil
Christian Marsolais Québec, Canada	Vice President, Clinical Research and Medical Affairs	8,597
Martine Ortega Québec, Canada	Vice President, Compliance and Regulatory Affairs	3,000
Pierre Perazzelli Québec, Canada	Vice President, Pharmaceutical Development	1,800
Krishna Peri Québec, Canada	Vice President, Research	35,000

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.

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.

Jocelyn Lafond, LL.B., LL.M. *Vice President, Legal Affairs, and Corporate Secretary* . Mr. Lafond has over 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 for 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 the 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.

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 Item 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.

Luc Tanguay is currently a member of the board of directors of Ambrilia Biopharma Inc. (hereafter "Ambrilia") and has been a member since August 22, 2006. On July 31, 2009, Ambrilia obtained court protection from its creditors under the Companies' Creditors Arrangement Act (Canada). The purpose of the order issued by the court granting Ambrilia protection from its creditors is to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. Ambrilia is still under court protection. In addition, on July 31, 2009, the Toronto Stock Exchange halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On August 5, 2009, Ambrilia announced that its shares would resume trading.

4.5 SECURITIES HELD BY THE DIRECTORS AND EXECUTIVE OFFICERS

As at February 22, 2010, the total number of common shares (the only securities carrying a voting right) held by the directors and executive officers of the Company amounted to 771,065, which represented 1.28% 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, 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.

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 the Company's 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 2010 (until the 22nd)	5,03	4,72	1 789 900
January 2010	5,42	4,28	4 505 000
December 2009	4,45	3,55	5 517 800
November 2009	3,29	2,60	1 780 400
October 2009	2,88	2,57	2 885 300
September 2009	2,68	2,25	3 859 000
August 2009	2,70	2,24	3 585 000
July 2009	2,33	2,00	2 806 900
June 2009	3,00	2,35	2 530 200
May 2009	2,75	2,32	2 833 800
April 2009	3,10	1,98	4 721 300
March 2009	1,94	1,50	3 228 900
February 2009	1,56	1,20	4 642 300
January 2009	2,19	1,25	6 372 300
December 2008	2,00	1,35	4 984 900

ITEM 7 MATERIAL CONTRACTS

On February 10, 2010, the Company entered into a Rights Plan Agreement, the terms and conditions of which are described below.

The Rights Plan came into effect on February 10, 2010. Shareholders will be asked to approve the Rights Plan at the Company's next annual and special meeting to be held on March 25, 2010. The Rights Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013. If the shareholders do not approve the Rights Plan at the next annual and special meeting of the shareholders, the Rights Plan will terminate.

In order to implement the Rights Plan, the Board of Directors authorized the Company to issue one right in respect of each common share (hereafter the "Common Share") outstanding as of 6:00 p.m. (Montreal time) on February 9, 2010 (hereafter the "Effective Date"). One Right will also be issued and attached to each subsequently issued Common Share. The Rights will be separate from the Common Shares to which they are attached and will become exercisable at the time (hereafter the "Separation Time") that is ten business days after the earlier of: (i) the first date of public announcement that an "Acquiring Person" (as defined below) has become such; (ii) the date of commencement of, or first public announcement in respect of, a takeover bid which will permit an offeror to hold 20% or more of the Common Shares, other than by an acquisition pursuant to a takeover bid permitted by the Rights Plan (hereafter a "Permitted Bid" as defined below); (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid; or (iv) such other date as may be determined in good faith by the Board of Directors.

A "Permitted Bid" is a takeover bid that does not trigger the exercise of Rights. A "Permitted Bid" is a bid that aims to acquire shares which, together with the other securities beneficially owned by the bidder, represent not less than 20% of the outstanding Common Shares, which bid is made by means of a takeover bid circular and satisfies the following requirements:

i. the bid must be made to all holders of Common Shares;

ii. the bid must include a condition without reservation providing that no share tendered pursuant to the bid will be taken up prior to the expiry of a period of not less than 60 days and only if at such date more than 50% in aggregate of the outstanding shares held by the shareholders other than the bidder, its associates and affiliates, and persons acting jointly or in concert with such persons (hereafter the "Independent Shareholders") have been tendered pursuant to the bid and not withdrawn;

iii. if more than 50% in aggregate of the shares held by Independent Shareholders are tendered to the bid within the 60-day period, the bidder must make a public announcement of that fact and the bid must remain open for deposits of shares for an additional ten business days from the date of such public announcement.

The acquisition permitting a person (hereafter an "Acquiring Person"), including others acting jointly or in concert with such person, to hold 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event." Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of a public announcement (hereafter the "Common Share Acquisition Date") by the Company or an Acquiring Person that an Acquiring Person has become such, will become null and void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Common Share Acquisition Date, each Right (other than those held by the Acquiring Person) will permit the holder to purchase for the exercise price that number of shares determined as follows: a value of twice the exercise price divided by the average weighted market

price for the last 20 trading days preceding the Common Share Acquisition Date. The exercise price is currently $25 per Right, subject to adjustment in accordance with the Rights Plan.

On January 5, 2010, the Company entered into a supply agreement with ABAR. For a description of this Supply Agreement, see Item 3.6A *v*.

On December 23, 2009, the Company entered into the Lyophilization Agreement with Draxis. For a description of the Lyophilization Agreement, see Item 3.6A*ii*.

In October 2009, the Company entered into a revised lease agreement with *Société de Portefeuille Immobilier GE Q Tech inc* . for the renewal of the lease for its offices and laboratories located at the same civic address as the current one. For a description of this agreement, see Item 3.8.

On November 6, 2009 the Company entered into a supply agreement with Becton Dickinson. For a description of this agreement, see Item 3.6A *iii*.

On March 26, 2009, the Company entered into a development and supply agreement with Hospira. For a description of this agreement, see Item 3.6A *iv*.

On March 11, 2009, the Company entered into the API Supply Agreement. For a description of the API Supply Agreement, see Item 3.6A *i*.

On October 29, 2008, the Company entered into the Collaboration and Licensing Agreement. For a description of the Collaboration and Licensing Agreement, see Item 2.1B.

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.

ITEM 8 ADDITIONAL INFORMATION

Additional information with respect to the Company, including directors' and officers' compensation, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's Management Proxy Circular for its most recent annual and special meeting of shareholders. 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, 2009.

Additional information regarding the Company is available on SEDAR at www.sedar.com or upon request addressed to Jocelyn Lafond, Corporate Secretary, at 2310 Alfred Nobel Boulevard, Montreal, Québec, Canada H4S 2B4. Except when the securities of the Company are in the process of 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.

AIF — final

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

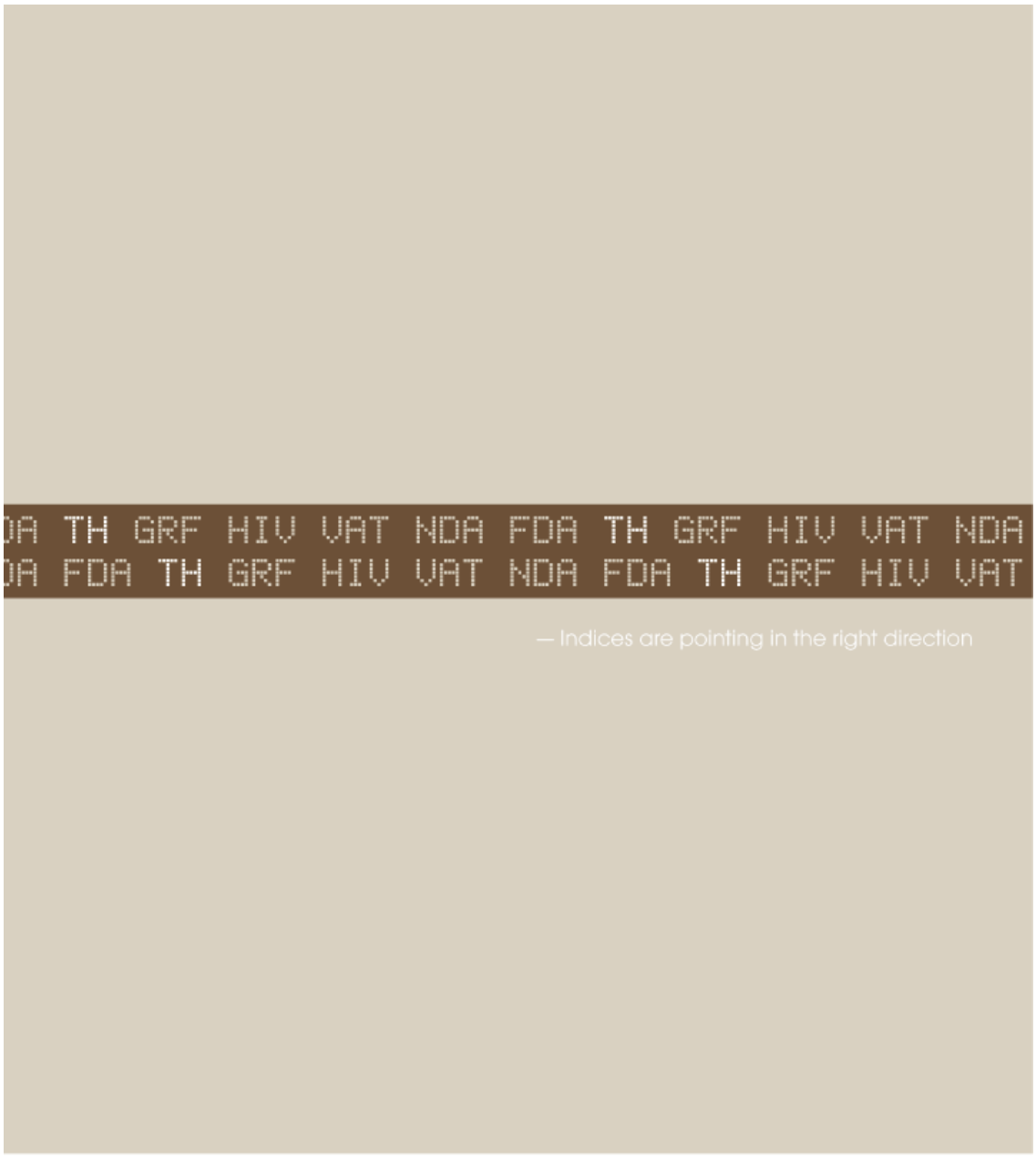
Unless the Board otherwise specifies by resolution, two Committee members shall constitute an appropriate quorum for deliberation of items on the agenda. During meetings, decisions are reached by a majority of votes from Committee members, unless the quorum is of two members, in which case decisions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



Thera technologies

2009 ANNUAL REPORT

CONTENTS

THERATECHNOLOGIES
(TSX: TH)

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application ("NDA") to the U.S. Food and Drug Administration ("FDA") seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

2009 HIGHLIGHTS

CONCLUSION OF A COLLABORATION AND LICENSING AGREEMENT WITH EMD SERONO, INC. granting the U.S. commercialization rights for tesamorelin in HIV-associated lipodystrophy and receipt of a $37 million payment including a subscription for common shares in Theratechnologies.

ADOPTION OF A GROWTH STRATEGY focused on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

SUBMISSION OF A NDA TO THE U.S. FDA proposing tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

RECEIPT OF A US $10 MILLION MILESTONE PAYMENT associated with the FDA's acceptance to review the NDA for tesamorelin, in accordance with the terms of the Company's Collaboration and Licensing Agreement with EMD Serono.

PREPARATION FOR A PUBLIC MEETING before the Endocrinologic and Metabolic Drugs Advisory Committee of the FDA as part of the evaluation process for tesamorelin's NDA.

FORWARD-LOOKING IFORMATION

This annual report contains certain statements that are considered forward-looking information within the meaning of applicable securities legislation. We caution readers not to place undue reliance on these statements as a number of factors could cause our actual results to differ materially from the expectations expressed in such forward-looking statements. Additional information about forward-looking information and associated risks and uncertainties can be found on pages 25 to 37 of this Annual Report.

FINANCIAL SUMMARY

(For the years ended November 30, in thousands of Canadian dollars)	2009	2008	2007
Revenues	$ 19,720	$ 2,641	$ 3,134
R&D expenditures	$ 22,226	$ 35,326	$ 31,866
Liquidities *	$ 65,028	$ 48,121	$ 61,786
Burn rate **	$ 26,722***	$ 41,592****	$ 34,954****

* Includes cash, bonds and tax credits receivable.

** Represented by cash flows from operating activities and excluding changes in operating assets and liabilities.

*** Adjusted burn rate (see the "Non-GAAP Measures" section in the Management's Discussion and Analysis)

**** Information restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets.

CHAIRMAN'S LETTER

DEAR SHAREHOLDERS,

The year 2009 has been exciting for all of us at Theratechnologies with the major accomplishment of submitting our NDA to the U.S. FDA. Theratechnologies is one of the exceptional Canadian companies to have been entirely responsible for an NDA submission. This has been a major achievement and has considerably de-risked the Company from a regulatory perspective. Every step that we take is one step closer to the finish line for tesamorelin in HIV-associated lipodystrophy in the U.S. Therefore, we continue to be optimistic with the regulatory review process and are doing everything within our control to gain market approval as soon as possible.

At last year's annual meeting of shareholders, I mentioned that I did not believe that Theratechnologies had been recognized in the financial markets for its clinical successes despite what I believed was a sound business plan. Over the last year, this has changed significantly. The market has rewarded the Company for its solid fundamentals with Theratechnologies being considered a top Canadian biotech performer in 2009. With a number of short-term catalysts on the horizon, I can only expect this trend to continue in 2010.

One of the strategic goals that we had in 2009 was to conserve our cash position, especially in light of what had occurred in the markets the previous year. This was achieved by focusing on our existing pipeline and not investing in external assets. Our solid balance sheet, in combination with a reduced cost structure, position us for growth in the coming year. For example, we wish to use as leverage the work already done to date for the U.S. market in additional geographies, and this, without considerably increasing our expenses. This will allow for incremental revenues to contribute significantly to the growth of Theratechnologies. The result is, we believe, that Theratechnologies is on its way to becoming cash flow positive, which is a major step towards becoming a profitable biotechnology company.

In 2009, we defined our three-year business plan, which is solidly focused on tesamorelin. Successfully gaining U.S. marketing approval, signing partnerships in additional geographies, and expanding into additional clinical programs are all key to growing the Company as we will begin to earn revenues. Management of this growth is an important priority for the Board of Directors, and of course, our shareholders. Part of managing this growth is to make certain that we have sufficient resources to select and launch additional clinical programs and to execute these programs in order to maximize the value of Theratechnologies.

Our vision at the Board of Directors is to build a profitable Canadian biotechnology company and, to this end, we are well on our way. We have a solid balance sheet, a well defined business plan, and a drug in hand with great potential. Furthermore, we have a seasoned Management team that is focused on delivering. From a Board perspective, we could not ask for more. For this, I would like to thank the entire Management team for their commitment, motivation and enthusiasm.

On behalf of the Board of Directors, I would like to take the opportunity to thank, you, our shareholders, and hope that you share the same excitement and optimism that I have for Theratechnologies in the coming year.

PAUL POMMIER
CHAIRMAN OF THE BOARD
FEBRUARY 10, 2010

IN THE FOLLOWING INTERVIEW, YVES ROSCONI REVIEWS THE HIGHLIGHTS OF 2009 AND SPEAKS TO US ABOUT THE OPPORTUNITIES FOR GROWTH IN THE YEAR AHEAD.

Q What is your assessment of 2009?

A After several years of evaluating tesamorelin in the clinic, in 2009 we advanced in the regulatory review process. This transition is another positive step that brings us closer to our ultimate objective, which is to obtain approval for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. It was therefore with great enthusiasm that we accomplished the major regulatory task of finalizing the New Drug Application ("NDA") in the early months of the year 2009, which was submitted to the U.S. Food and Drug Administration on May 29th. The application was accepted for review in August, which triggered a US$10 million milestone payment under our Collaboration and Licensing Agreement with EMD Serono.

Q Can you tell us more about what this regulatory work entailed?

A In fact, the regulatory work related to the submission of our NDA to the FDA started well in advance of 2009. Even before receiving the results of the confirmatory Phase 3 study, we established multidisciplinary teams dedicated to preparing our regulatory filing. The assembly of such a file totaling many thousand pages and containing all of the manufacturing, preclinical and clinical data for tesamorelin was a colossal task requiring skill, determination and attention to detail.

The fact that our filing was accepted for review by the FDA speaks highly of the quality of the work and I would like to thank all Theratechnologies employees who participated in its preparation in one way or another. However, the work doesn't stop there! With our application in the process of being evaluated, our scientific and regulatory teams are currently following up with the FDA to advance the file and are actively preparing themselves to participate in a meeting before the Endocrinologic and Metabolic Drugs Advisory Committee of the FDA.

Q What is the role of this Advisory Committee?

A The main role of the Advisory Committee is to provide the FDA with independent advice from medical experts and other interested parties on the use of tesamorelin for treating excess abdominal fat in HIV-infected patients with lipodystrophy. In cases where a first-in-class type of treatment like tesamorelin is evaluated for human use, recourse to an Advisory Committee by the FDA before taking a decision is common practice and an integral part of the review process. Personally, I look positively upon the FDA seeking outside advice and I know that our team members, who have been preparing themselves for several months, are looking forward to this public meeting with confidence. I must, however, add that even in cases where advisory committees address questions posed by the regulatory authorities, the final decision on a product approval still rests solely with the FDA.

Q How is the relationship between Theratechnologies and EMD Serono?

A Excellent! I think it's fair to say that our teams have developed a wonderful collaboration founded upon the common objective of commercializing tesamorelin in the United States. To facilitate interaction with our new partner, we created an alliance management position in 2009, which coordinates all communication between Theratechnologies and EMD Serono. So far, around ten intercompany committees have been formed and are working on various projects. Overseen by the person managing this alliance, the teamwork in the committees is both efficient and productive.

Q Virtually all of the Company's energy in recent years has been focused on tesamorelin in the United States. Once it's approved by the FDA, what's next?

A The approval of tesamorelin in the United States has been our primary objective since 2005 when we made the strategic decision to focus our efforts on HIV-associated lipodystrophy. Even though the United States is the market offering the most potential for this medical condition, other markets could be particularly interesting, notably Brazil, Europe and even here in Canada. Today, the development of additional markets constitutes the second objective of our business plan, aimed at securing Theratechnologies' growth in the years to come. Following an approval for tesamorelin to treat HIV-associated lipodystrophy, we also intend to identify clinical programs to evaluate tesamorelin for the treatment of other diseases. Our growth strategy for the next few years is therefore firmly fixed on tesamorelin sales of the drug in different markets, the development of additional clinical programs, and sound product life-cycle management.

Q What's your strategy for developing HIV-associated lipodystrophy markets outside the United States?

A Our strategy is to enter into agreements with strong partners in markets that are attractive and where the investment on our part is limited. As such, we want to concentrate on markets where we will be able to use the work already done for the NDA in the United States and on agreements where the partners are responsible for most of the required investment. In the context where we already have a solid agreement in the U.S., we now wish to conclude agreements elsewhere that maximize the potential for additional royalties.

Q What are your plans for Canada?

A For Canada, we have two options: find a partner, as we hope to do in other markets, or hold on to the Canadian commercial rights. We are in a position to consider the second option because we know the Canadian market well; several of our managers have in-depth experience with the launch of products in our home territory. The best approach has not yet been determined; it's a strategic decision that we will make by evaluating the investment and returns for each approach as well as the long-term impact on Theratechnologies' future.

Q How will you finance these growth projects?

A We ended the financial year with $65 million in available funds, which provides us with a lot of financial flexibility. What's more, under our agreement with EMD Serono, we can expect further milestone payments following the approval of tesamorelin; and once it is on the market, we will be able to count on growing royalties and milestone payments tied to the achievement of certain sales levels in the United States. All of this should allow us to maintain an adequate cash position to move ahead with our current business plan.

Q What do you envisage for Theratechnologies in 2010?

A I am approaching 2010 full of optimism and confidence, convinced that it will be a truly exceptional year for Theratechnologies! I envisage, and this goes without saying, achieving our number one objective, the approval of tesamorelin leading to its commercialization in the United States by EMD Serono. In so doing, Theratechnologies would find itself among the rare Canadian companies that have successfully taken a molecule discovered in-house through all of the steps of the drug development process. This achievement will mark the passage of Theratechnologies from a research company to one focused on commercial growth.

Q A few words in closing?

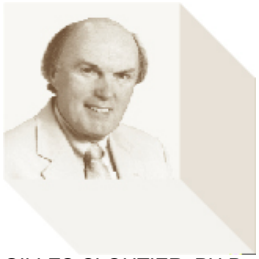
A I want to recognize the exceptional work of all of the employees of Theratechnologies, which has carried tesamorelin to where it is today. I would also like to thank our shareholders for their patience and support over the past year. Theratechnologies is now on solid ground and the indices are positive!

YVES ROSCONI
PRESIDENT AND CHIEF EXECUTIVE OFFICER
FEBRUARY 10, 2010

BOARD OF DIRECTORS

PAUL POMMIER, MBA
Chairman of the Board

PAUL POMMIERspent over 25 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. Retired since 1997, Mr. Pommier was appointed Chairman of the Board of Theratechnologies in 2007.



GILLES CLOUTIER, PH.D.
Corporate Director

DR. GILLES CLOUTIER has over 30 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 clinical research. His experience includes the development and approval of several drugs in Canada, the United States and Europe.

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 was appointed Chairman of the Board of Theratechnologies in 1996, a position in which he served for more than 10 years.

BERNARD RECULEAU
Corporate Director

BERNARD RECULEAU brings over 25 years of pharmaceutical industry experience to Theratechnologies. Mr. Reculeau has extensive hands-on management experience in commercial activities, cumulating close to 15 years in pharmaceutical operations, notably in France where he successfully ran the operations for Rhône-Poulenc and Rhône-Poulenc Rorer. From 2006 to 2009, he was President of CIS Bio, a French company specializing in biomedical technologies.

YVES ROSCONI,
L. PHARM., MBA President and
Chief Executive Officer

YVES ROSCONI brings over 25 years of global pharmaceutical experience to Theratechnologies. Mr. Rosconi spent 21 years with Rhône-Poulenc Rorer in Canada and Australia with increasing responsibilities, ultimately becoming President and General Manager of Canadian operations. Before joining Theratechnologies in 2004, Mr. Rosconi was Senior Vice President, responsible for Africa and the Middle East at Paris- based Aventis.

ROBERT G. GOYER, PH.D.
Professor Emeritus, Faculty of
Pharmacy, Université de Montréal

ROBERT G. GOYER has over 40 years of experience in the pharmaceutical field. Former President of Jouveinal Canada, Dr. Goyer is also a former Dean of the Faculty of Pharmacy of *Université de Montréal*. Recognized for his broad expertise in drug development, Dr. Goyer has served on the boards of several companies and governmental organizations, such as Health Canada's Therapeutic Products Directorate, the *Régie de l'assurance maladie du Québec* and the *Conseil du médicament du Québec.*

GÉRALD A. LACOSTE, Q.C.
Corporate Director

GÉRALD A. LACOSTE is a lawyer with extensive experience in the fields of securities regulation, corporate finance 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. Mr. Lacoste is a member of the North American Free Trade Agreement (NAFTA) arbitration panel.

JEAN-DENIS TALON
Chairman of the Board,
AXA Canada

JEAN-DENIS TALON had a successful career with AXA Insurance over a period of more than 20 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.

LUC TANGUAY, M.SC., CFA
Senior Executive Vice President
and Chief Financial Officer

LUC TANGUAY has been active in the biotechnology industry for over 15 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. Prior to joining Theratechnologies, Mr. Tanguay had a successful career in investment banking at National Bank Financial.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), on a consolidated basis for the twelve-month periods ended November 30, 2009 ("2009") and November 30, 2008 ("2008"). This information is dated February 10, 2010, and should be read in conjunction with the Audited Consolidated Financial Statements and the accompanying notes. Unless specified otherwise, the amounts are in Canadian dollars.

The financial information contained in this Management's Discussion and Analysis and in the Company's Audited Consolidated Financial Statements has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") except for certain information presented below under the heading "Non-GAAP Measures". The Audited Consolidated Financial Statements and Management's Discussion and Analysis have been reviewed by the Audit Committee of Theratechnologies and approved by its Board of Directors.

This Management's Discussion and Analysis contains forward-looking information. Additional information about the forward-looking information as well as the associated risks and uncertainties can be found on pages 25 to 37 of the report.

Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The 2009 financial year began with the closing of the Collaboration and Licensing Agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany. Under the terms of this agreement, Theratechnologies received a payment of US $30,000,000 (CAD$36,951,000), including an initial payment of US$22,000,000 (CAD$27,097,000) from EMD Serono and a subscription for common shares of Theratechnologies totaling US$8,000,000 (CAD$9,854,000) by Merck KGaA. The agreement, entered into between the two parties on October 28, 2008, stipulates that Theratechnologies could receive up to US$215,000,000, including the upfront payment and milestone payments based on attaining certain development, regulatory and sales objectives. Furthermore, Theratechnologies will be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

Under the terms of this agreement, the principal responsibility of Theratechnologies was to submit a New Drug Application ("NDA") to the Food and Drug Administration ("FDA") in the United States in order to obtain approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In the early months of the year, Theratechnologies' scientific and regulatory teams devoted themselves to finalizing the NDA, which was submitted to the FDA on May 29, 2009. In mid-August, the FDA advised Theratechnologies that it had accepted the submission of the tesamorelin NDA. In accordance with the Collaboration and Licensing Agreement with EMD Serono, Theratechnologies received a milestone payment of US$10,000,000 (CAD$10,884,000) related to the acceptance of the NDA submission by the FDA.

As part of the regulatory review currently underway, the FDA asked Theratechnologies to appear at a public meeting before the Endocrinologic and Metabolic Drugs Advisory Committee in order to obtain the advice of independent experts on the use of tesamorelin to treat excess abdominal fat in HIV-infected patients with lipodystrophy. Initially scheduled for February 24, 2010, the meeting was postponed—due to administrative delays at the FDA—until a later date that has not yet been determined.

In parallel with the Company's regulatory activities, Theratechnologies presented additional data from the Phase 3 clinical program at major scientific conferences, notably the 91st Annual Meeting of the Endocrine Society ("ENDO") in Washington, D.C. and the 11 th International Workshop on Adverse Drug Reactions and Co-morbidities in HIV, in Philadelphia. By way of background, the 52-week results from the confirmatory Phase 3 clinical trial were announced in December 2008. As part of its effort to build awareness of the disease, Theratechnologies also sponsored a symposium entitled "Lipohypertrophy: Beyond Body Image" at the 12th European AIDS Conference ("EACS") in Cologne, Germany. Finally, the Company began preclinical work in 2009 on a molecule being developed for the treatment of acute kidney failure.

With respect to the overall strategy of the Company, Management undertook a review of its business plan in early 2009. The resulting growth strategy, which was presented at the Annual and Special Meeting of Shareholders held on March 26, 2009, centers on the development of tesamorelin, the Company's lead molecule, and is built around three main objectives. The first is to obtain approval for tesamorelin in HIV-associated lipodystrophy in the United States. Once tesamorelin is approved, the Company expects to receive increasing royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the United States. The second objective is to develop additional markets and conclude partnership agreements outside the United States. Finally, the Company's third objective is to select and launch clinical programs evaluating tesamorelin for the treatment of other medical conditions. Together with sound product life-cycle management, this strategy emphasizing the development of tesamorelin is expected to support the growth of Theratechnologies for the next few years.

ECONOMIC ENVIRONMENT

For the past two years, the capital markets were characterized by significant stock market volatility and a notable decline in access to capital across all sectors, particularly biotechnology. In parallel, an economic slowdown occurred in almost all sectors.

The general decline of capital markets has had a negative effect on the cost of capital for companies. However, the Company does not envisage raising capital in 2010 because its liquidity level is sufficient to meet the operating needs of its current business plan.

Theratechnologies' investment policy is conservative. The Company invests its funds in highly liquid, low-risk instruments as described under the heading "Liquidity and Capital Resources".

The Company relies on third parties for the manufacture and supply of tesamorelin and it is not aware of any information suggesting that its principal suppliers will not be able to meet their financial obligations.

Furthermore, Theratechnologies is relying on its American commercial partner, EMD Serono, to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company is not aware of any information suggesting that its partner will not be able to meet its financial obligations.

EXPECTATIONS FOR THE PRESENT FINANCIAL YEAR

The Company's primary objective for the current financial year is the acceptance for marketing approval in the United States of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Marketing approval could result in the achievement of regulatory milestones under the Collaboration and Licensing Agreement with EMD Serono. Once approved, the Company expects to receive royalties from the sale of tesamorelin in the United States. Furthermore, the Company will continue to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin.

The Company's second objective is to expand into new territories where tesamorelin could be used for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. To this end, during the present financial year, the Company will be seeking third parties having a regulatory expertise in obtaining marketing approval of new drugs and a commercial expertise in launching new pharmaceutical products with the intent of entering into strategic alliances with them. Under such strategic alliance agreements, these third parties would be responsible for obtaining marketing approval of tesamorelin in one or more territories and commercializing tesamorelin in such territories.

Concurrently with the seeking of third parties with which to enter into strategic alliance agreements, the Company will continue to pursue regulatory activities outside of the United States to advance its application regarding the use of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. However, given the Company's primary objective, the pace at which these activities will progress will depend on the FDA's decision regarding the Company's NDA as well as on the timing of such decision.

The Company's third objective is to select and begin additional clinical programs once marketing approval for tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is obtained.

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. The Company has sufficient liquidities to self-finance its activities for the current financial year.

Selected annual information
CONSOLIDATED STATEMENT OF EARNINGS
Years ended November 30

(in thousands of dollars, except per share amounts)	**2009**	2008*	2007*
Revenues	**$ 19,720**	$ 2,641	$ 3,134
Research and development before tax credits	**$ 22,226**	$ 35,326	$ 31,866
Operating loss before realized loss on impairment of available-for-sale financial assets	**$ (15,058)**	$ (48,033)	$ (37,611)
Net loss	**$ (15,058)**	$ (48,611)	$ (37,668)
Basic and diluted loss per share	**$ (0.25)**	$ (0.85)	$ (0.72)

CONSOLIDATED BALANCE SHEET
At November 30

(in thousands of dollars)	**2009**	2008*	2007*
Liquidities (cash and bonds)	**$ 63,362**	$ 46,337	$ 60,368
Tax credits receivable	**$ 1,666**	$ 1,784	$ 1,418
Total assets	**$ 69,487**	$ 53,545	$ 73,649
Capital stock	**$ 279,169**	$ 269,219	$ 238,842
Shareholders' equity	**$ 43,048**	$ 46,347	$ 65,036

* Information restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets.

Operating results

NON-GAAP MEASURES

The Company uses measures that do not conform to GAAP to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

DEFINITION AND RECONCILIATION OF NON-GAAP MEASURES

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the Collaboration and Licensing Agreement with EMD Serono, Management uses adjusted net loss and adjusted burn rate before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

Adjusted net loss

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Net loss, per the financial statements	**$ (4,698)**	$ (15,145)	**$ (15,058)**	$ (48,611)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted net loss	**$ (6,409)**	$ (15,145)	**$ (28,233)**	$ (48,611)

Adjusted burn rate from operating activities before changes in operating assets and liabilities

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Burn rate before changes in operating assets and liabilities, per the financial statements	**$ (4,333)**	$ (9,559)	**$ (13,547)**	$ (41,592)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted burn rate before changes in operating assets and liabilities	**$ (6,044)**	$ (9,559)	**$ (26,722)**	$ (41,592)

* Information restated following the adoption of the CICA Handbook Section 3064, Goodwill and Intangible Assets.

REVENUES

Theratechnologies' consolidated revenues for the year ended November 30, 2009, were $19,720,000, compared to $2,641,000 for the same period in 2008. The increased revenues in 2009 are related to the initial payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono, as well as the receipt of a milestone payment of US$10,000,000 (CAD$10,884,000) during the third quarter of 2009.

The payment of US$30,000,000 (CAD$36,951,000) received upon the closing of the agreement included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560,000 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction recorded on the balance sheet amounted to $20,537,000.

The milestone payment of $10,884,000, received during the third quarter, is associated with the acceptance by the U.S. FDA to review the NDA for tesamorelin that was submitted by the Company on May 29, 2009. Under the terms of the Collaboration and Licensing Agreement with EMD Serono, a milestone payment of US $10,000,000 was associated with the FDA's acceptance to review the NDA for tesamorelin. All milestone payments, including the aforementioned payment, are recorded as they are earned, upon the achievement of predetermined milestones specified in the agreement.

For the year ended November 30, 2009, interest revenues were $2,252,000, compared to $2,427,000 for the same period in 2008. The decrease in interest revenues over the fiscal year is associated with lower interest rates, which translated to a lower return on investment.

R&D ACTIVITIES

For the year ended November 30, 2009, consolidated research and development ("R&D") expenses, before tax credits, amounted to $22,226,000, compared to $35,326,000 for the same period in 2008, representing a decrease of 37.1%. The decrease in R&D expenses is due to the conclusion of the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy, in the first half of 2009. The R&D expenses incurred in 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin. The R&D expenses for 2009 include a non-recurring charge of $1,377,000 associated with research materials produced to obtain stability data and to validate the commercial production process, as required by the FDA.

The majority of R&D expenses in 2009 were applied to tesamorelin in HIV-associated lipodystrophy. Based on the current business plan, R&D expenditures should decrease over the year 2010 and should be approximately 30% lower than in 2009. During the first months of the 2010 financial year, a large part of the R&D expenses should continue to be related to follow up on the regulatory filing, as mentioned earlier. Several other projects are included in the R&D budget for 2010, notably activities related to product life-cycle management for tesamorelin, regulatory activities related to the development of additional markets outside the United States, as well as the preliminary work related to the selection of new clinical programs. The R&D budget for 2010 also provides for the development of an acute renal insufficiency program. The molecule developed by the Company for the treatment of acute renal insufficiency was identified as a potential program to be developed internally. The Company intends to complete the ongoing preclinical work before it selects and begins a clinical program for this molecule.

TAX CREDITS

Tax credits amounted to $1,795,000 for the year ended November 30, 2009, compared to $2,111,000 in 2008. Tax credits represent refundable tax credits obtained from the Québec government. Lower R&D expenditures in 2009 contributed to the decrease in tax credits.

GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended November 30, 2009, general and administrative expenses were $7,149,000, compared to $6,185,000 for the same period in 2008. The increased expenses for the year ended November 30, 2009, are principally due to a higher exchange loss as well as costs associated with revising the Company's business plan in the first quarter. The exchange losses are due to the conversion of monetary assets and liabilities denominated in foreign currencies into Canadian dollar equivalents using rates of exchange in effect on the balance sheet date. These expenses should decrease slightly in 2010.

SELLING AND MARKET DEVELOPMENT EXPENSES

For the year ended November 30, 2009, selling and market development expenses were $2,583,000, compared to $3,811,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Following the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono. These expenses should be maintained at the same level in 2010.

PATENTS, AMORTIZATION AND IMPAIRMENT OF OTHER ASSETS

For the year ended November 30, 2009, patents, amortization and impairment of other assets amounted to $346,000, compared to $5,239,000, in 2008. In 2008, the Company conducted an impairment test on the intellectual property of the ExoPep platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The write-off of $4,571,000 is included in “Patents, amortization and impairment of other assets” in the consolidated statement of earnings.

FEES RELATED TO THE STRATEGIC REVIEW PROCESS AND THE COLLABORATION AND LICENSING AGREEMENT WITH EMD SERONO

In 2009, an amount of $4,269,000 was recognized as a cost associated with the conclusion of the agreement with EMD Serono described earlier. In 2008, the costs related to the strategic review amounted to $2,224,000. These costs are essentially composed of fees paid to the various experts retained to help Management and the Board of Directors.

REALIZED LOSS ON IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

NET RESULTS

Reflecting the changes in revenues and expenses described above, the Company incurred a net loss, in 2009, of $15,058,000 ($0.25 per share), compared to a net loss of $48,611,000 ($0.85 per share) for the same period in 2008. For the year ended November 30, 2009, the net loss included revenue of $17,444,000 and a non-recurring charge of $4,269,000 related to the agreement with EMD Serono. Excluding these two items, the adjusted net loss (see “Non-GAAP Measures“) amounted to $28,233,000, a decrease of 41.9% compared to the same period in 2008. The net loss in 2008 included the previously described impairment losses totalling $5,149,000.

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. This information has been restated following the adoption of the CICA Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of dollars, except per share amounts)	**2009**				2008			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 2,246**	**$ 13,148**	**$ 2,317**	**$ 2,009**	$ 616	$ 710	$ 716	$ 599
Net loss (net earnings)	**$ (4,698)**	**$ 5,824**	**$ (5,430)**	**$(10,754)**	$(15,145)	$(11,220)	$(11,382)	$(10,864)
Basic and diluted loss (earnings) per share	**$ (0.08)**	**$ 0.10**	**$ (0.09)**	**$ (0.18)**	$ (0.26)	$ (0.19)	$ (0.20)	$ (0.20)

As described above, the increased revenues in 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to an impairment in the value of intellectual property.

Fourth quarter

Consolidated revenues for the three-month period ended November 30, 2009, amounted to $2,246,000, compared to $616,000 for the same period in 2008. Interest revenue in the fourth quarter of 2009 amounted to $528,000, compared to $518,000 for the same period in 2008. The increased revenues for the three- month period ended November 30, 2009, are related to the payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono. This payment of US$30,000,000 (CAD$36,951,000) included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the fourth quarter of 2009, an amount of $1,711,000 related to this transaction was recognized as revenue.

Consolidated R&D expenses, before tax credits, totalled $4,534,000 for the fourth quarter of 2009, compared to $6,313,000 for the same period in 2008, representing a decrease of 28.2%. This decrease in R&D expenses is due to the conclusion of the Phase 3 clinical program evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The R&D expenses incurred in the fourth quarter of 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin.

General and administrative expenses were $1,634,000 in the fourth quarter of 2009, compared to $1,874,000 for the same period in 2008. The lower expenses for the three-month period ended November 2009 are associated with a reduction in foreign exchange loss.

Selling and market development costs amounted to $1,067,000 for the fourth quarter of 2009, compared to $1,124,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Since the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono.

Patents, amortization and impairment of other assets amounted to $120,000 for the three months ended November 30, 2009, compared to $4,727,000 for the corresponding period in 2008. In the fourth quarter of 2008, the Company conducted an impairment test on the intellectual property of the ExoPep discovery platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The impairment of other assets of $4,571,000 is included in "Patents, amortization and impairment of other assets" in the consolidated statement of earnings.

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

Consequently, the Company recorded a net loss for the three-month period ended November 30, 2009, of $4,698,000 ($0.08 per share), compared to a net loss of $15,145,000 ($0.26 per share) for the same period in 2008. The fourth quarter net loss includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see "Non-GAAP Measures") amounted to $6,409,000, a decrease of 57.7% compared to the same period in 2008.

In the three months ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,333,000, compared to $9,559,000 for the same period in 2008. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $6,044,000, a decrease of 36.8%, compared to the corresponding period in 2008.

Liquidity and capital resources

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, and patents. The Company makes every attempt to manage its liquidity to minimize shareholder dilution.

To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of common equity and proceeds and royalties from technologies following the closing of the agreement with EMD Serono. Since inception, the Company has financed its liquidity needs primarily through public offerings of common shares and private placements. When possible, the Company tries to optimize its liquidity position through non-dilutive sources, including investment tax credits, grants, interest income as well as proceeds and royalties from technologies.

For the year ended November 30, 2009, the burn rate, represented by cash flows from operating activities and excluding changes in operating assets and liabilities, was $13,547,000 compared to $41,592,000 in 2008. The decrease in the 2009 burn rate is principally related to the payments received under the agreement with EMD Serono as well as the decline in R&D expenditures and in selling and market development costs. Excluding the revenue of $17,444,000 and the non-recurring charge of $4,269,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $26,722,000, a decrease of 35.8%, compared to the corresponding period in 2008.

Based on the current business plan, the adjusted burn rate is expected to amount approximately to $24,000,000 in 2010. Taking into consideration the liquidity level and the reduced burn rate, the Company believes that its liquidity position is sufficient to finance its operating activities and its capital needs over the fiscal year.

Theratechnologies maintained a good liquidity position in 2009. At November 30, 2009, cash and bonds amounted to $63,362,000 and tax credits receivable amounted to $1,666,000, for a total of $65,028,000.

It is the policy of the Company to minimize its level of debt. The Company has a line of credit of $1,800,000 for its short-term financing needs. As at November 30, 2009, this line of credit was not being used. However, $323,000 of this amount was allocated to secure an irrevocable letter of credit related to lease commitments on its premises. This letter of credit will be cancelled on April 30, 2010, under the terms of the lease renewal, described in "Contractual obligations".

The Company invests its available cash in highly liquid fixed income instruments from governmental, municipal and paragovernmental bodies ($60,384,000 at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 at November 30, 2009).

Under the terms of the agreement with EMD Serono, the Company issued 2,179,837 common shares for a cash consideration of US$8,000,000 (CAD$9,854,000) during the first quarter. The Company also received share subscriptions amounting to $96,000 for the issuance of 34,466 common shares in connection with its share purchase plan.

During the first quarter of 2008, the Company completed a public offering for the sale and issuance of 3,500,000 common shares for cash proceeds of $29,750,000. Issue costs totalled $1,938,000, resulting in net proceeds of $27,812,000. In the year ended November 30, 2008, the Company issued 119,666 common shares following the exercise of stock options, for cash proceeds of $397,000. The Company also received share subscriptions amounting to $149,000 for the issuance of 64,291 common shares to employees in connection with its share purchase plan.

Contractual obligations

The Company rents premises under an operating lease expiring in April 2010. The lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the lease are as follows:

PAYMENTS REQUIRED BY DUE DATE

(in thousands of dollars)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating lease	$ 6,576	$ 340	$ 2,020	$ 4,216

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240,000 for the year beginning May 1, 2010, and will be increased by 2.5% annually for the duration of the lease.

The lessor will provide the Company an amount of $728,000 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323,000 which will be cancelled on April 30, 2010, under the terms of the lease renewal, along with a first rank movable mortgage in the amount of $1,150,000 covering all of the Company's tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

Furthermore, during and after the year ended November 30, 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of tesamorelin. Some of these agreements stipulate an obligation to purchase minimum quantities of product, subject to certain conditions.

Off-balance sheet arrangements

The Company was not involved in any off-balance sheet arrangements as at November 30, 2009, with the exception of the lease renewal as described above and an irrevocable letter of credit issued in the amount of $323,000 related to lease commitments.

Subsequent events

A) SHAREHOLDER RIGHTS PLAN

On February 10, 2010, the Company's Board of Directors adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

B) GRANTING OF STOCK OPTIONS

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

Financial risk management

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in losses.

Financial instruments other than cash that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in fixed income instruments from governmental, paragovernmental and municipal bonds ($60,384,000 as at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 as at November 30, 2009). As at November 30, 2009, the Company was not exposed to any credit risk over the carrying amount of the bonds.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in the section "Liquidity and Capital Ressources". It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates. Bonds mature on November 30 during the following fiscal years: $10,036,000 in 2010, $15,446,000 in 2011, $19,716,000 in 2012, $13,791,000 in 2013 and $2,854,000 in 2014. The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2009, are presented in note 13B) of the Consolidated Financial Statements.

FOREIGN CURRENCY RISK

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from royalties, technologies and other expenses for research and development incurred in US dollars, euros and pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages foreign exchange risk by maintaining U.S. cash on hand to support U.S. forecasted cash outflows for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk, due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in the consolidated statement of earnings to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the conversion of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each balance sheet date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of earnings. Given the Company's policy on the management of foreign currencies, a sudden change in foreign exchange rates would not impair or enhance its ability to pay its U.S. dollar denominated obligations.

The following table provides significant items exposed to foreign exchange as at November 30, 2009:

(in thousands of Canadian dollars)	November 30, 2009		
	$US	EUR	GBP
Cash	1,471	—	—
Accounts receivable	—	4	—
Accounts payable and accrued liabilities	(1,095)	—	(25)
Balance sheet elements exposed to foreign currency risk	376	4	(25)

The following exchange rates applied during the year ended November 30, 2009:

	Average rate	Reporting date
$US — $CAN	1.0594	1.0556
EUR — $CAN	1.5808	1.5852
GBP — $CAN	1.7597	1.7366

Based on the Company's foreign currency exposures noted above, varying the foreign exchange rates in the preceding table to reflect a 5% strengthening of the Canadian dollar would have increased the net loss as follows, assuming that all other variables remained constant:

(in thousands of Canadian dollars)	$US	EURO	GBP
Increase net loss	19	—	(1)

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the foreign currency amounts shown above, on the basis that all other variables remain constant.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds of the Company are invested at fixed interest rates and mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in the accumulated other comprehensive income (loss).

Based on the value of the Company's short and long-term bonds at November 30, 2009, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive loss by $620,000; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Accounts receivable, accounts payable and accrued liabilities bear no interest.

Based on the value of variable interest-bearing cash during year ended November 30, 2009 ($5,800,000), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and decreased the net loss by $29,000; an assumed decrease of 0.5% would have had an equal but opposite effect.

Financial instruments

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by prices quoted on active markets (level 2 inputs — see “New accounting policies — Financial instruments — Disclosures”).

Critical accounting estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions, which affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The amounts presented and the information provided in the notes reflect the range of economic conditions that are most susceptible to occur and the measures Management intends to take. Actual results could differ from these estimates. Discussed below are those policies that are judged to be critical and require the use of judgment in their application.

INVENTORY VALUATION

Our inventory is carried at the lower of First-In-First-Out cost or net realizable value. We regularly review inventory quantities on hand and record a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

PROPERTY AND EQUIPMENT AND OTHER ASSETS

Property and equipment and other assets are stated at cost. Amortization is provided using methods and annual rates which are expected to reflect their economic and useful life. On a regular basis, the Company reviews the estimated useful lives of its property and equipment. Assessing the reasonableness of the estimated useful lives of property and equipment requires judgement and is based on currently available information.

IMPAIRMENT OF LONG-TERM ASSETS

The Company reviews its property and equipment and other assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be used is measured by the comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Management’s judgment regarding the existence of impairment indicators is based on legal factors, market conditions and operating performance. The fair value against which the asset is measured may be established based on comparable information or transactions, discounted cash flows or other methods of assessment depending on the nature of the asset. In estimating future cash flows, the Company uses its best estimates based on internal plans, which take Management judgment into consideration. Changes in circumstances, such as technological advances and changes in business strategy can result in useful lives and future cash flows differing significantly from estimates. Revisions to the estimated useful lives of property and equipment or future cash flows constitute a change in accounting estimate and are applied prospectively.

INCOME TAXES

Income taxes are accounted for using the asset and liability method. Future income tax assets and liabilities are recognized in the balance sheet to account for the future tax consequences attributable to temporary differences between the respective accounting and taxable value of balance sheet assets and liabilities. Future income tax assets and income tax liabilities are measured using the income tax rates that are most likely to apply when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. In estimating the realization of future income tax assets, Management considers whether a portion or all future tax assets is more likely than not to be realized. Realization is subject to future taxable income. As at November 30, 2009, the Company determined that a tax valuation allowance for the full amount of future tax assets was necessary. In the event the Company determines that it can realize its tax assets, it will readjust them for the amount and adjust the income in the period for which such determination is made.

RESEARCH AND DEVELOPMENT

Research and development expenditures consist of direct and indirect expenses. They are expensed as they are incurred. The Company accounts for clinical trial expenses on the basis of work completed which relies on estimates of total costs incurred based on completion of studies, on the number of patients and other factors. The expenses that are recorded with respect to clinical trials are reviewed as the trial advances up until its final phase.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company accounts for employee stock options using the fair value based method estimated using the Black-Scholes model, which requires the use of certain assumptions, including future stock price volatility and the time interval until the options are exercised. Under this method, compensation cost is measured at fair value at the date of grant and is expensed over the vesting period.

GOVERNMENT ASSISTANCE

Government assistance consists of research tax credits and grants and is applied against related expenses and the cost of the asset acquired. Tax credits are available based on eligible research and development expenses consisting of direct and indirect expenditures and including a reasonable allocation of overhead expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

New accounting policies

ADOPTION OF NEW ACCOUNTING STANDARDS

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941,000 and $599,000, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented in the consolidated statements of earnings were reduced by $342,000 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 — *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements*, Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

Outstanding share data

At February 9, 2010, the number of shares issued and outstanding was 60,449,225 while outstanding options granted under the stock option plan were 2,891,801.

Disclosure controls and procedures and internal control over financial reporting

As at November 30, 2009, an evaluation of the effectiveness of disclosure controls and procedures, as defined in the rules of the Canadian Securities Administrators, was carried out. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer certified that the design and operating effectiveness of those disclosure controls and procedures were effective.

Also at November 30, 2009, an evaluation of the effectiveness of internal controls over financial reporting, as defined in the rules of the Canadian Securities Administrators, was carried out to provide reasonable assurance regarding the reliability of financial reporting and financial statement compliance with GAAP. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer will certify that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were based on the criteria outlined in the document entitled "Internal Control over Financial Reporting — Guidance for Smaller Public Companies" published by the Committee of Sponsoring Organizations of the Treadway Commission, a recognized model, and as per Regulation 52-109 of the Canadian Securities Administrators. A disclosure committee comprised of members of Senior Management assists the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer in their responsibilities.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. There were no changes in internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

There were no changes in our internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 operating results. 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 commercial success of the Company depends largely on the development and commercialization of tesamorelin; the failure by the Company to commercialize tesamorelin would 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 peptides, all are at earlier stages 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 excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the United States market alone. Although the Company entered into the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors:

- receipt of regulatory approvals of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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);
- entering into one or more strategic alliance agreements with one or more partners or building a marketing and sales force in countries other than the United States to help with the regulatory approval and/or the marketing and sale of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in those countries;
- in the United States, the amount of resources used by the Company's commercial partner to commercialize tesamorelin;
- maintaining manufacturing and supply agreements to ensure the availability of 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 claims.

The Company's inability to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term in the United States would delay its capacity to generate revenues and would affect its financial condition and operating results.

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 Company focused its development to treat excess abdominal fat in HIV-infected patients with lipodystrophy and the first market the Company wishes to penetrate for this treatment is the United States. The rules and regulations relating to the approval of a new drug are complex and stringent and although the FDA has accepted the filing of the Company's NDA, there can be no guarantee that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In addition, there can be no guarantee that the Company will be able to obtain the regulatory approvals of agencies in other countries to sell tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

All of the products of the Company are subject to preclinical and clinical studies. If the results of such studies are not positive, the Company may not be in a position to make any filing to obtain the mandatory regulatory approval or, even where a product has been filed for approval, it may have to conduct additional clinical studies or testing on such product until the results support the safety and efficacy of such product. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, refused. If tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is not approved for commercialization in the United States by the FDA, the capacity of the Company to generate revenues in the short-term will be hampered and this will have an adverse effect on its financial condition and its operating results.

The obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Company obtains regulatory approval from one agency, or succeeds in filing the equivalent of a NDA 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 evidence of the safety and efficacy of a product in order to allow the Company to sell the product 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 of a product and such additional tests may delay the approval of a product, can have a material adverse affect on the Company's financial condition based on the type of additional tests to be conducted and may not necessarily lead to the approval of a product.

Although the Company has received a Special Protocol Assessment 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 excess abdominal fat in HIV-infected patients with lipodystrophy. Even if the FDA approves tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that other regulatory agencies will approve tesamorelin for this treatment in their respective countries.

Even if the Company obtains regulatory approval for any of its products, regulatory agencies have the ability 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 of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy 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 and 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 the FDA's Good Manufacturing Practices (hereafter "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 Company has no control over the timing of the review of its NDA by the FDA.

Although the FDA advised the Company that it had set a date of March 29, 2010 under the Prescription Drug User Fee Act (United States), more commonly known as "PDUFA", by which it targets to have completed its review of the Company's NDA, there can be no guarantee that such date shall be met. The Company has no control over the timing of the review of its NDA by the FDA and this timing could vary based on the FDA's workload, potential review issues contained in the Company's NDA and other similar factors over which the Company has no control.

Even if tesamorelin is ultimately approved by the FDA, any delay in completing the review of the Company's NDA will result in a delay in the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy and could materially adversely affect the operating results of the Company and the development of future clinical programs.

The Company is dependent on the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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, the Company granted its commercial partner the exclusive right to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. Although the agreement contains provisions governing the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 exact timing of the launch of tesamorelin in the United States, if approved by the FDA;
- the limited 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 adversely affect the commercialization of tesamorelin in the United States, all of which will divert the attention of Company's Management and its 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 fulfill its obligations under the Collaboration and Licensing Agreement;
- the termination of the Collaboration and Licensing Agreement, which would adversely affect the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

The Company relies on third parties for the manufacture and supply of 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 tesamorelin for clinical studies and currently intends to rely on third parties to manufacture and supply large quantities of tesamorelin for commercial sales, if approved by the FDA or other regulatory agencies.

The Company's reliance on third-party manufacturers exposes 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 or 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 subject to delays in the manufacturing of tesamorelin and any other peptide. Any delay in the supply of a product could slow down or interrupt the conduct of clinical trials and, if a product has reached commercialization, could prevent the supply of the product and accordingly, adversely affect the revenues of the Company. Under the Collaboration and Licensing Agreement, the Company agreed to act as manufacturer and supplier of tesamorelin for its commercialization in the United States. Accordingly, any delay in manufacturing tesamorelin by third-party service providers may have a material adverse effect on the sales and royalties payable to the Company. In addition, any manufacturing delay or delay in delivering 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, a delay in clinical study programs and in the filing for regulatory approval of a product and, if a product is approved for commercialization, a shortage of such a product would result in lost revenue to 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 its use. 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 an application seeking reimbursement of a drug and must, therefore, rely in part on third-party service providers 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 a product 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 financial condition could be affected by the introduction of new regulations or amendments to existing regulations.

New regulations or changes to existing regulations affecting the Company and its potential customers could decrease demand for the Company's products and affect its operating results and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that can 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 excess abdominal fat in HIV-infected patients with lipodystrophy, which is now under regulatory review at the FDA. Tesamorelin is also being used in the Phase 2 studies conducted by the MGH and the University of Washington. For the other molecules, and for tesamorelin in Phase 2 NIH studies, there could 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 or result in adverse patient reactions, this may require the Company to extend the term of its studies, to increase the number of patients enrolled in a given study or to undertake ancillary testing. Any of these events could increase the cost of conducting clinical studies, delay the filing of an application for marketing approval with regulatory agencies or result in the termination of a study and, accordingly, abandoning the commercialization of a molecule. In addition, the growth of the Company could be compromised since there can be no guarantee that the Company will be able to develop new molecules, license or purchase compounds or products that will result in marketed products.

The Company relies on third-party service providers to conduct its preclinical and clinical studies and respond to the FDA's questions regarding the Company's NDA submission. The failure by one of these third parties to comply with their obligations may delay the studies, have an adverse effect on the Company's development program and/or delay the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

The Company has limited human resources to conduct preclinical and clinical studies and must rely on third-party service providers to conduct its studies and carry out certain data gathering and analyses. If the Company's third-party service providers 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, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of the agreements entered into 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 the filing of an application for marketing approval in a jurisdiction where the Company relies on third-party service provider to make such filing. In addition, where the Company relies on such third-party service provider to help in answering any question raised by a regulatory agency during its review of a Company file, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of the Company's third-party service providers are material, or, for any reason, such providers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, the Company would need to find alternative third-party service providers.

If the Company must change or select new third-party service providers, the planned working schedule related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if the Company must change or select new third-party service providers to carry out work in response to a regulatory agency review of a Company's application, there may occur delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product.

Any selection of new third-party service providers to carry out work related to preclinical and clinical studies would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would 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 financial condition and operating results.

The conduct of clinical trials requires the enrollment of patients and difficulties in enrolling patients could 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 which 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 could result in the cancellation of clinical trials or delays in completing them. Any of these events would have adverse consequences on the timely development of new products, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of the Company's products. Such events would adversely affect the business, the financial condition and operating results of the Company.

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 must enter into strategic alliance 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.

Although the Company was successful in finding a third party for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and although the Company has ongoing discussions with third parties with the aim of entering into strategic alliance agreements with such third parties to commercialize tesamorelin outside of the United States, the conclusion of an agreement with a party 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 the agreement. The outcome of this process is uncertain and the Company may not be able to conclude any other strategic alliance agreements for the commercialization of its products, including the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories other than the United States. The commercialization of the Company's products may be delayed if it is unable to find third parties to commercialize its products and this could adversely materially affect the financial condition and the operating results of the Company. Even if the Company enters into strategic alliance agreements with third parties for the commercialization of its products, those agreements often contain termination provisions which, if exercised, could delay the commercialization of its products given that the Company has no sales force. If the Company does not succeed in entering into a strategic alliance agreement for a particular territory, it would then not succeed in commercializing the product in such a territory. In such an event, the Company may decide to commercialize the product itself in that territory and the Company has no experience in commercializing a product in any market.

The Company's intent to possibly retain the commercial rights of its products for Canada implies that it would market and sell the product itself on the Canadian market. However, the Company currently has limited marketing capabilities and it has limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience the Company has in this area. To the extent the Company develops a sales force, the Company could be competing against companies that 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 a sales force which the Company develops would be efficient and would maximize the revenues derived from the sale of a Company product.

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 would 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-related lipodystrophy with tesamorelin, there can be no guarantee that the Company will receive a patent in the other countries where it filed patent applications for the treatment of HIV-related lipodystrophy.

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 such confidential information, 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-related 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 an action against a third party infringing on the Company's intellectual property with respect to tesamorelin for the treatment of HIV-related 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-related lipodystrophy and adversely affect the Company's revenues.

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 tesamorelin and its application in HIV-related lipodystrophy does not guarantee that the Company is not infringing on other third-party patents and there can be no guarantee that the Company will not be in violation of third-party 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 such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that the Company would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would 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 would 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 to be found liable for infringement of third-party 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 operating results 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 abdominal 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. Although the Company believes that it has few direct competitors for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, it could face indirect competition.

In the other clinical programs currently being evaluated by the Company for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which the Company is evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to those of the Company. In addition, some of these competitors could be 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 further develop 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 developing such systems and attracting and retaining qualified personnel. Failure to manage growth effectively could have an adverse effect on the Company's business, financial condition and operating results.

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 financially 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, 2009, the Company reported losses of $15,058,000. 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, 2009, it had an accumulated deficit of $243,887,000. The Company does not expect to generate significant recurrent revenues in the immediate future and will continue to experience losses as it continues its efforts to obtain regulatory approvals for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States 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 (i) to obtain regulatory approval for the use of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and on the capacity of its commercial partner to commercialize tesamorelin for such indication and (ii) to expand the commercialization of tesamorelin in other territories. 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.

Although the Company has enough funding to support its current business plan, the Company does not generate significant revenues and may need financing in order to sustain its growth, to continue its research and development of new products and 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 condition and operating results 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 the Company 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 also not receive royalties. 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 operating results.

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 an application to obtain regulatory approval, beginning of commercialization or announcement of additional clinical programs 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 publicly announced timeline. 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 operating results of the Company.

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

The Company conducts research activities in order to increase its portfolio of products. 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 its portfolio of products.

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 available coverage and, therefore, have a material adverse effect upon the Company and its financial condition. 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.

Forward-looking information

This annual report and the MD&A contained herein, include 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 commercialization of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the receipt of royalties related to sales of tesamorelin, the development of tesamorelin in additional markets, the conclusion of strategic partnerships, and the liquidity needs to finance the Company’s operations. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties are described under the section “Risks and Uncertainties” above.

Although the forward-looking information contained in this MD&A 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 FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company’s business plan will not be substantially modified 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 MD&A 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.

Further information on Theratechnologies

Further information on Theratechnologies, including the Company’s Annual Information Form, is available on the SEDAR site at www.sedar.com.

MANAGEMENT'S
REPORT

The consolidated financial statements of Theratechnologies Inc. presented in the following pages and all information in this annual report are the responsibility of Management and have been approved by the Board of Directors of the Company.

These financial statements have been prepared by Management in accordance with accounting principles generally accepted in Canada. They include amounts based on exercise of judgment and on estimates. Management has established these amounts reasonably to ensure that financial results are presented accurately in all material respects. The other financial information included in the annual report is consistent with that of the financial statements.

In order to ensure accuracy and objectiveness of information included in the financial statements, the Company's Management maintains internal accounting and administrative control systems. Management is of the opinion that these controls provide reasonable assurance regarding the adequacy of the accounting records for the preparation of the financial statements and the adequacy of the recording and safeguarding of assets.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board, and none of its members is involved in the daily operations of the Company. All the members of this Committee are financially literate. The Committee meets periodically with Management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that everyone is properly discharging their responsibilities, and to review the financial statements with the external auditors.

The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the re-appointment of the external auditors.

The financial statements have been audited on behalf of the shareholders by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to the Audit Committee with respect to their findings concerning the fairness of the financial reporting and the adequacy of internal controls.

YVES ROSCONI
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

LUC TANGUAY
SENIOR EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

MONTRÉAL, CANADA
FEBRUARY 10, 2010

AUDITORS' REPORT
TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Theratechnologies Inc. as at November 30, 2009 and 2008 and the consolidated statements of earnings, comprehensive loss, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP*

CHARTERED ACCOUNTANTS
MONTRÉAL, CANADA
JANUARY 22, 2010
(EXCEPT FOR NOTE 15 A),
WHICH IS AS OF FEBRUARY 10, 2010)

* CA Auditor permit no. 14114

CONSOLIDATED
BALANCE SHEETS

NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	**2009**	2008 (restated – note 2A))
Assets		
Current assets:		
Cash	**$ 1,519**	$ 133
Bonds	**10,036**	10,955
Accounts receivable	**375**	610
Tax credits receivable	**1,666**	1,784
Inventories	**2,225**	—
Research supplies	**287**	301
Prepaid expenses	**302**	397
	16,410	14,180
Bonds	**51,807**	35,249
Property and equipment (note 4)	**1,229**	1,299
Other assets (note 5)	**41**	2,817
	$ 69,487	$ 53,545
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 5,901**	$ 7,198
Current portion of deferred revenues (note 7)	**6,847**	—
	12,748	7,198
Deferred revenues (note 7)	**13,691**	—
Shareholders' equity:		
Capital stock (note 6)	**279,169**	269,219
Contributed surplus	**6,484**	5,585
Accumulated other comprehensive income	**1,282**	372
Deficit	**(243,887)**	(228,829)
	(242,605)	(228,457)
Total shareholders' equity	**43,048**	46,347
Commitments (note 9)		
Subsequent events (note 15)		
	$ 69,487	$ 53,545

See accompanying notes to consolidated financial statements.

On behalf of the Board:

PAUL POMMIER
DIRECTOR

JEAN-DENIS TALON
DIRECTOR

CONSOLIDATED STATEMENTS
OF EARNINGS

YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars, except per share amounts)	**2009**	2008 (restated – note 2 A))
Revenues:		
Royalties, technologies and other (note 7)	**$ 17,468**	$ 214
Interest	**2,252**	2,427
	19,720	2,641
Operating costs and expenses:		
Research and development	**22,226**	35,326
Tax credits	**(1,795)**	(2,111)
	20,431	33,215
General and administrative	**7,149**	6,185
Selling and market development	**2,583**	3,811
Patents, amortization and impairment of other assets (note 5)	**346**	5,239
Fees associated with the strategic review process	**—**	2,224
Fees associated with the Collaboration and Licensing Agreement (note 7)	**4,269**	—
	34,778	50,674
Operating loss before undernoted item	**(15,058)**	(48,033)
Realized loss on impairment of available-for-sale financial assets (note 11 B))	**—**	(578)
Net loss	**$ (15,058)**	$ (48,611)
Basic and diluted loss per share (note 6 C))	**$ (0.25)**	$ (0.85)
Weighted average number of common shares outstanding	**60,314,309**	57,415,468

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF COMPREHENSIVE LOSS

YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	**2009**	2008 (restated — note 2A))
Net loss	**$(15,058)**	$ (48,611)
Unrealized gains on available-for-sale financial assets	**1,039**	133
Reclassification adjustment for gains and losses on available-for-sale financial assets (note 11 B))	**(129)**	572
Comprehensive loss	**$(14,148)**	$ (47,906)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF SHAREHOLDERS' EQUITY

YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	Capital stock Number	Capital stock Dollars	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, November 30, 2007	54,531,133	$ 238,842	$ 4,807	$ (333)	$ (177,339)	$ 65,977
Changes in accounting policies (note 2 A))	—	—	—	—	(941)	(941)
Issuance of share capital (note 6)	3,564,291	29,899	—	—	—	29,899
Share issue costs	—	—	—	—	(1,938)	(1,938)
Exercise of stock options:						
Cash proceeds	119,666	397	—	—	—	397
Ascribed value	—	81	(81)	—	—	—
Stock-based compensation	—	—	859	—	—	859
Net loss	—	—	—	—	(48,611)	(48,611)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	705	—	705
Balance, November 30, 2008	**58,215,090**	**269,219**	**5,585**	**372**	**(228,829)**	**46,347**
Issuance of share capital (note 6)	**2,214,303**	**9,950**	**—**	**—**	**—**	**9,950**
Stock-based compensation	**—**	**—**	**899**	**—**	**—**	**899**
Net loss	**—**	**—**	**—**	**—**	**(15,058)**	**(15,058)**
Change in unrealized gains and losses on available-for-sale financial assets	**—**	**—**	**—**	**910**	**—**	**910**
Balance, November 30, 2009	**60,429,393**	**$ 279,169**	**$ 6,484**	**$ 1,282**	**$ (243,887)**	**$ 43,048**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF CASH FLOW

YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	**2009**	2008 (restated – note 2A))
Cash flows from operating activities:		
Net loss	**$ (15,058)**	$ (48,611)
Adjustments for:		
Amortization of property and equipment	**612**	625
Amortization and impairment of other assets	**—**	4,957
Stock-based compensation	**899**	859
Realized loss on impairment of available-for-sale financial assets	**—**	578
	(13,547)	(41,592)
Changes in operating assets and liabilities:		
Interest receivable on bonds	**(923)**	405
Accounts receivable	**260**	(134)
Tax credits receivable	**118**	(366)
Inventories	**(2,225)**	—
Research supplies	**2,765**	582
Prepaid expenses	**95**	17
Accounts payable and accrued liabilities	**(1,424)**	(1,324)
Deferred revenues	**20,538**	—
	19,204	(820)
	5,657	(42,412)
Cash flows from financing activities:		
Share issuance	**9,950**	30,296
Share issue costs	**(8)**	(1,930)
	9,942	28,366
Cash flows from investing activities:		
Additions to property and equipment	**(407)**	(301)
Acquisition of bonds	**(29,111)**	(17,987)
Disposal of bonds	**15,305**	29,889
	(14,213)	11,601
Net change in cash	**1,386**	(2,445)
Cash, beginning of year	**133**	2,578
Cash, end of year	**$ 1,519**	$ 133

See note 11 for supplemental cash flow information.

See accompanying notes to consolidated financial statements.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

1. Organization and business activities

The Company, incorporated under Part 1A of the Québec Companies Act, is a Canadian biopharmaceutical company that discovers and develops novel therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the whole or a part of the commercial rights for its products.

2. New accounting policies

A) ADOPTION OF NEW ACCOUNTING STANDARDS

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941 and $599, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented on the consolidated statements of earnings were reduced by $342 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively, without restatement of prior years, to all financial assets and liabilities measured at fair value in the interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

2. New accounting policies (continued)

A) ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

B) FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 — *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of IFRS IAS 27 — *Consolidated and Separate Financial Statements* , Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian generally accepted accounting principles, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

3. Significant accounting policies

A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

B) CASH EQUIVALENTS

Cash equivalents are restricted to investments that are readily convertible into cash, having a term to initial maturity not exceeding three months and whose value is not likely to change significantly. As at November 30, 2009 and 2008, there were no cash equivalents.

C) INVENTORIES

Inventories are stated at the lower of first-in first-out cost or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

D) FINANCIAL ASSETS AND LIABILITIES

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included in the consolidated balance sheets and are measured at fair market value, with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet or if there is an impairment in fair value of these assets that is other than temporary.

Derivative instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The Company has classified its bonds and investments in public companies as available-for-sale financial assets and are measured at fair market value. The Company has also classified accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities, and they are measured at amortized cost.

3. Significant accounting policies (continued)

E) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates/periods:

Asset	Method	Rate/period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance and straight-line	20% 5 years
Office equipment and furniture	Declining balance	20%
Leasehold improvements	Straight-line	Term of lease

F) OTHER ASSETS

Other assets consist namely of intellectual property and research supplies.

Intellectual property is amortized over a period of 20 years using the straight-line method.

Research supplies are purchased in advance in accordance with regulatory requirements to be used in connection with the Company's clinical trials. Research supplies that are not expected to be used within one year from the date of the balance sheet are classified as long-term.

G) IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews property and equipment and other long-term assets for impairment whenever events or changes in circumstances indicate that the carrying value of property and equipment or assets may not be recoverable. Recoverability of assets to be used is measured by the comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying value of the asset exceeds its fair value. The fair value against which the asset is measured may be established based on comparable information or transactions, or any other method of assessment.

H) REVENUE RECOGNITION

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met. Revenues subject to the achievement of milestones are recorded only when the specified events have occurred and collectibility is assured.

Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

License fees are recorded when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

Revenues from a collaboration agreement that includes multiple elements are considered to be a revenue arrangement with multiple deliverables. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values. Payments received under the collaboration agreement may include upfront payments, milestone payments, research contracts, license fees and royalties. Revenues for each unit of accounting are recorded as described above.

Interest income is recognized as earned using the effective interest method.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

3. Significant accounting policies (continued)

I) RESEARCH AND DEVELOPMENT

Research expenditures, net of related research tax credits and grants, are charged to earnings in the year in which they are incurred. Development expenditures, net of tax credits, if any, are capitalized when they meet the appropriate criteria for capitalization in accordance with generally accepted accounting principles. During the years ended November 30, 2009 and 2008, no development expenditures were capitalized.

J) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company records stock-based compensation related to employee stock options granted using the fair value based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting period. Stock-based compensation related to non-employee stock options is based on the fair value of the consideration received, or the fair value of the equity instrument issued, whichever is more reliably measured.

K) GOVERNMENT ASSISTANCE

Government assistance, consisting of research tax credits and grants, is recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Research tax credits are recorded when there is reasonable assurance that they will be realized.

L) FOREIGN EXCHANGE

Foreign denominated monetary assets and liabilities are converted to Canadian dollars at the rates of exchange prevailing at the balance sheet dates. Other assets and liabilities are converted to the exchange rates prevailing when the assets were acquired or the liabilities incurred. Revenues and expenses are converted at the rates prevailing at the respective transaction date, except for depreciation and amortization which are converted at the same rates as those used in the translation of the corresponding assets. Foreign exchange gains and losses are included in the determination of net earnings or net loss.

M) INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognized in the balance sheet to account for the future tax consequences attributable to temporary differences between the respective accounting and taxable value of balance sheet assets and liabilities. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. Future income tax assets and income tax liabilities are measured using income tax rates that are enacted or substantively enacted when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change.

N) EARNINGS PER SHARE

The earnings per share are determined using the weighted average number of outstanding shares during the year.

The treasury stock method is used for the computation of the diluted earnings per share. Under this method, a number of additional shares, if they are dilutive, are calculated assuming that the outstanding stock options are exercised, and that the proceeds from the transactions are used to purchase common shares at the average market price during the period.

3. Significant accounting policies (continued)

O) USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of Management estimates include estimating the useful lives and recoverability of long-lived assets, including property and equipment and other assets, estimating accruals for clinical trial expenses, estimating stock-based compensation and revenue, as well as assessing the recoverability of inventories, research tax credits and grants, investments and future income taxes. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by Management. Actual results could differ from those estimates.

4. Property and equipment

			2009
	Cost	**Accumulated amortization**	**Net book value**
Computer equipment	**$ 874**	**$ 617**	**$ 257**
Laboratory equipment	**1,945**	**1,519**	**426**
Office equipment and furniture	**1,124**	**701**	**423**
Leasehold improvements	**1,854**	**1,731**	**123**
	$ 5,797	**$ 4,568**	**$ 1,229**

			2008
	Cost	Accumulated amortization	Net book value
Computer equipment	$ 682	$ 500	$ 182
Laboratory equipment	1,824	1,427	397
Office equipment and furniture	1,015	700	315
Leasehold improvements	1,846	1,441	405
	$ 5,367	$ 4,068	$ 1,299

5. Other assets

			2009
	Cost	**Accumulated amortization**	**Net book value**
Other assets	**$ 41**	**$ —**	**$ 41**

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

5. Other assets (continued)

For the year ended November 30, 2009, research and development expenses include a charge of $1,377 related to research supplies that were produced in order to obtain stability data and to validate the production process as required by the U.S. Food and Drug Administration (“FDA”).

			2008 (Restated – note 2A))
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 7,670	$ —
Research supplies	2,751	—	2,751
Other assets	66	—	66
	$ 10,487	$ 7,670	$ 2,817

In 2008, the Company conducted an impairment test on the intellectual property included in “Other assets” following a review of the development strategy by Management for new products. As a consequence, the Company wrote off the carrying amount of this intellectual property. The write-off of $4,571 is included in “Patents, amortization and impairment of other assets” in the consolidated statements of earnings.

6. Capital stock

	2009	2008
Authorized in unlimited number and without par value:		
Common shares		
Preferred shares issuable in one or more series		
Issued:		
60,429,393 common shares (58,215,090 in 2008)	**$279,169**	$269,219

2009

Under the terms of the agreement with EMD Serono Inc. (“EMD Serono”), the Company issued 2,179,837 common shares for a cash consideration of $9,854 (see note 7).

In 2009, the Company received subscriptions in the amount of $96 for the issuance of 34,466 common shares in connection with its share purchase plan.

2008

On February 13, 2008, the Company completed a public offering for the sale and issue of 3,500,000 common shares for cash proceeds of $29,750. The issuance costs amounted to $1,938.

In 2008, the Company received subscriptions in the amount of $149 for the issuance of 64,291 common shares in connection with its share purchase plan.

All shares were issued for a cash consideration.

6. Capital stock (continued)

A) STOCK OPTION PLAN

The Company has established a stock option plan under which it can grant to its Directors, Officers, Employees, Researchers and Consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the date it is granted. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period of 0 to 5 years. On November 30, 2009, 1,244,834 additional options could be granted by the Company.

Changes in the number of options outstanding during the past two fiscal years were as follows:

	Options	Weighted average exercise price per share
Options as at November 30, 2007	2,207,633	$ 6.32
Granted	111,000	7.98
Exercised	(119,666)	3.32
Cancelled	(37,167)	9.57
Options as at November 30, 2008	2,161,800	6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009	2,665,800	$ 5.20

The following table provides stock option information as at November 30, 2009:

	Options outstanding			Exercisable options	
Price range	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price	Number of exercisable options	Weighted average exercise price
$1.20 - $2.00	1,291,508	7.57	$ 1.71	742,508	$ 1.63
2.01 - 2.75	141,459	4.85	2.59	141,459	2.59
2.76 - 3.75	70,000	6.51	3.37	43,333	3.64
4.61 - 6.00	25,000	3.53	5.43	25,000	5.43
6.01 - 9.00	591,333	5.76	8.18	526,977	8.16
9.01 - 13.50	495,000	3.76	10.72	441,662	10.68
13.51 - 15.30	51,500	1.28	15.15	51,500	15.15
	2,665,800	6.13	$ 5.20	1,972,439	$ 5.92

B) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009	2008
Risk-free interest rate	**1.83%**	3.36%
Volatility	**79.5%**	70.4%
Average option life in years	**6**	6
Dividend yield	**nil**	nil

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

6. Capital stock (continued)

B) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS (CONTINUED)

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the years ended November 30, 2009 and 2008:

	Number of options	Weighted average grant-date fair value
2009	680,500	$ 1.26
2008	111,000	$ 5.16

The Black-Scholes model, used by the Company to calculate option values, as well as other accepted option valuation models, were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

C) DILUTED LOSS PER SHARE

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute basic earnings per share in the future.

7. Collaboration and Licensing Agreement

On October 28, 2008, the Company entered into a Collaboration and Licensing Agreement with EMD Serono, an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). Theratechnologies retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the Initial Product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951) which, includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction amounted to $20,537.

7. Collaboration and Licensing Agreement (continued)

On August 12, 2009, the FDA accepted the New Drug Application ("NDA") made by the Company for tesamorelin. Under the terms of the Company's Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

8. Future income taxes

Details of the components of income taxes are as follows:

	2009	2008
Net loss before income taxes	**$(15,058)**	$(48,611)
Basic income tax rate	**30.9%**	31.0%
Computed income tax provision	**(4,652)**	(15,069)
Adjustments to income tax provision resulting from:		
Impact of decrease in federal tax rates:		
Decrease in value of future tax assets	**—**	5,910
Change in valuation allowance	**—**	(5,910)
Unrecorded potential tax benefit of current year losses and other deductions	**4,029**	17,201
Non-deductible items and others	**623**	(2,132)
	$ —	$ —

The tax incidence of temporary differences resulting in significant portions of future income tax assets is as follows:

	2009	2008
Future income tax assets:		
Losses carried forward	**$ 21,490**	$ 16,045
Unused research and development expenses	**29,380**	26,591
Property and equipment	**674**	544
Share issue costs	**776**	1,174
Intellectual property and patent fees	**12,307**	16,248
Available deductions and other	**4,187**	4,183
	68,814	64,785
Less valuation allowance	**(68,814)**	(64,785)
Net future income tax asset	**$ —**	$ —

In estimating the realization of future income tax assets, Management considers whether a portion or all future tax assets are more likely than not to be realized. Realization of future tax assets is subject to the generation of future taxable income.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

8. Future income taxes (continued)

As at November 30, 2009, the Company had available the following deductions, losses and credits:

	Federal	Provincial
Research and development expenses, without time limitation	$103,346	$115,686
Losses carried forward, until:		
2014	$ 9,603	$ —
2015	275	—
2027	7,638	7,628
2028	46,316	46,271
2029	21,785	18,802
	$ 85,617	$ 72,701

Unused tax credits expiring in:	
2023	$ 559
2024	1,597
2025	1,863
2026	2,178
2027	3,000
2028	3,328
2029	2,250
	$ 14,775

	Federal	Provincial
Share issue costs	$ 2,732	$ 2,732
Excess of tax value of intellectual property and patent fees over carrying value	45,735	45,718
Excess of tax value of property and equipment over carrying value	3,121	1,785

9. Commitments

A) RENTAL OF PREMISES

The Company rents premises under an operating lease (the “Lease”) expiring in April 2010. The Lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the Lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the Lease are as follows:

2010	$ 340
2011	55
2012	655
2013	655
2014	655
2015	273
Thereafter	3,943
	$6,576

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240 for the year beginning May 1, 2010 and will be increased by 2.5% annually for the duration of the Lease.

The lessor will provide the Company an amount of $728 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323 which will be cancelled April 30, 2010 under the terms of the Lease renewal, along with a first rank movable mortgage in the amount of $1,150 covering all the Company’s tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

B) LONG-TERM SUPPLY AGREEMENTS

During and after the year ended November 30, 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of tesamorelin. Some of these agreements stipulate an obligation to purchase minimum quantities of product, subject to certain conditions.

C) CREDIT FACILITY

The Company has a credit facility available in the amount of $1,800, bearing interest at prime plus 0.5% and secured by bonds. Under the credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000, the Company will provide the bank with a first rank movable hypothec of $1,850 on securities judged satisfactory by the bank.

As at November 30, 2009 and 2008, with the exception of the letter of credit mentioned in A) above, the credit facility available to the Company was not utilized.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

10. Licenses

In addition to the exclusively held products, the Company has certain exclusive licenses to market or commercialize intellectual property from research activities assigned to certain research institutions. Under these licenses, the Company is committed to pay royalties on the net sales of the products commercialized by the Company, or, if applicable, on the amounts received from sub-license, subject to the application of the clauses of such agreements.

11. Supplemental information

A) STATEMENT OF CASH FLOWS

The following transactions were conducted by the Company and did not impact cash flows:

	2009	2008 (Restated – note 2A))
Additions to property and equipment included in accounts payable and accrued liabilities	**$ 183**	$ 48
Share issue costs included in accounts payable and accrued liabilities	**—**	8

B) In 2009, the Company reclassified under net earnings an amount of $129 in realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income.

In 2008, the Company reclassified under net earnings an amount of $572 in realized losses on available-for-sale financial assets previously recorded in accumulated other comprehensive income. The realized loss includes an impairment loss of $578 related to a decline in value that is other than temporary for stock options held in a publicly-traded company.

On November 30, 2009, the accumulated other comprehensive income was composed of unrealized gains on available-for-sale financial assets of $1,282 (gain of $372 on November 30, 2008).

C) The Company received tax credits of $ 1,912 in 2009 ($1,746 in 2008).

D) The following items were included in the determination of the Company's net loss:

	2009	2008 (Restated – note 2A))
Amortization of property and equipment	**$ 612**	$ 625
Amortization and impairment of other assets (note 5)	**—**	4,957
Stock-based compensation	**899**	859

12. Capital disclosures

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Company makes every attempt to manage its liquidity to minimize shareholder dilution.

To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of common equity, as well as proceeds and royalties from technologies following the closing of the transaction disclosed in note 7. Since inception, the Company has financed its liquidity needs primarily through public offerings of common shares and private placements. When possible, the Company tries to optimize its liquidity position by non-dilutive sources, including investment tax credits, grants, interest income as well as proceeds and royalties from technologies.

The Company's policy is to maintain a minimum level of debt. The Company has a line of credit of $1,800 for its short-term financing needs. As at November 30, 2009, this line of credit has not been used, with the exception of the letter of credit mentioned in note 9A).

The capital management objectives remain the same as for the previous fiscal year.

At November 30, 2009, cash and bonds amounted to $63,362 and tax credits receivable amounted to $1,666, for a total of $65,028. The Company believes that its cash position will be sufficient to finance its operations and capital needs for the next year.

The Company's general policy on dividends is to retain cash to keep funds available to finance the Company's growth.

The Company is not subject to any externally imposed capital requirements.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

13. Financial risk management

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

A) CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in losses.

Financial instruments other than cash that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in fixed income instruments from governmental, paragovernmental and municipal bonds ($60,384 as at November 30, 2009) as well as from corporations with high credit ratings ($1,459 as at November 30, 2009). As at November 30, 2009, the Company was not exposed to any credit risk over the carrying amount of the bonds.

B) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 12. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met.

The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates. Bonds mature during the following fiscal years: $10,036 in 2010, $15,446 in 2011, $19,716 in 2012, $13,791 in 2013 and $2,854 in 2014.

The following are the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2009:

	Total	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 5,901	$ 5,901	$ 5,901	$ —	$ —
Operating lease	6,576	—	340	2,020	4,216
	$ 12,477	$ 5,901	$ 6,241	$ 2,020	$ 4,216

13. Financial risk management (continued)

C) FOREIGN CURRENCY RISK

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from royalties, technologies and other expenses for research and development incurred in US dollars, euros and pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages foreign exchange risk by maintaining US cash on hand to support US forecasted cash outflows for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in the consolidated statement of earnings to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each balance sheet date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of earnings. Given the Company's policy on the management of foreign currencies, a sudden change in foreign exchange rates would not impair or enhance its ability to pay its US dollar denominated obligations.

The following table provides significant items exposed to foreign exchange as at November 30, 2009:

			November 30, 2009
(in thousands of Canadian dollars)	US$	EURO	GBP
Cash	**1,471**	**—**	**—**
Accounts receivable	**—**	**4**	**—**
Accounts payable and accrued liabilities	**(1,095)**	**—**	**(25)**
Balance sheet's elements exposed to foreign currency risk	**376**	**4**	**(25)**

The following exchange rates applied during the year ended November 30, 2009:

	Average rate November 30, 2009	Reporting date rate November 30, 2009
US$ — CAD$	**1.0594**	**1.0556**
EUR — CAD$	**1.5808**	**1.5852**
GBP — CAD$	**1.7597**	**1.7366**

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have increased the net loss as follows, assuming that all other variables remained constant:

(in thousands of Canadian dollars)	US$	EURO	GBP
Increased in net loss	**19**	**—**	**(1)**

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

13. Financial risk management (continued)

D) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds of the Company are invested at fixed interest rates and mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in the accumulated other comprehensive income (loss).

Based on the value of the Company's short and long-term bonds at November 30, 2009, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive loss by $620; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Accounts receivable, accounts payable and accrued liabilities bear no interest.

Based on the value of variable interest-bearing cash during the year ended November 30, 2009 ($5,800), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and decreased the net loss by $29; an assumed decrease of 0.5% would have had an equal but opposite effect.

14. Financial instruments

A) CARRYING VALUE AND FAIR VALUE

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

B) INTEREST INCOME AND EXPENSES

Interest income consists of interest earned on cash and bonds.

C) LOSS ON EXCHANGE

General and administrative expenses include a loss on foreign exchange of $635 for the year ended November 30, 2009 (loss of $247 in 2008).

15. Subsequent events

A) SHAREHOLDER RIGHTS PLAN

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the “Plan”), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the “Common Shares”). The Plan, if approved by the shareholders, will expire at the close of the Company’s annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the “Permitted Bid” provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

B) GRANTING OF STOCK OPTIONS

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

16. Comparative figures

Certain of the 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2009.

MANAGEMENT

YVES ROSCONI, L. PHARM., MBA
President and Chief Executive Officer

LUC TANGUAY, M.SC., CFA
Senior Executive Vice President and Chief Financial Officer

MARIE-NOËL COLUSSI, CA
Vice President, Finance

CHANTAL DESROCHERS, B. PH., MBA
Vice President, Business Development and Commercialization

ANDREA GILPIN, PH.D., MBA
Vice President, Investor Relations and Communications

JOCELYN LAFOND, LL.B., LL.M.
Vice President, Legal Affairs, and Corporate Secretary

CHRISTIAN MARSOLAIS, PH.D.
Vice President, Clinical Research and Medical Affairs

MARTINE ORTEGA, PHARM. D.
Vice President, Compliance and Regulatory Affairs

PIERRE PERAZZELLI, B.SC.
Vice President, Pharmaceutical Development

KRISHNA PERI, PH.D.
Vice President, Research

CORPORATE
INFORMATION

LISTING: Toronto Stock Exchange

SYMBOL: TH

TRANSFER AGENT AND REGISTRAR
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AUDITORS
KPMG LLP

BANK
National Bank of Canada

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
Thursday, March 25, 2010, at 10:00 a.m.
Centre Mont-Royal
2200 Mansfield Street
Montréal, Québec H3A 3R8

INVESTOR RELATIONS
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Corrected as at March 8, 2010 ////

MANAGEMENT'S DISCUSSION
AND ANALYSIS

The following discussion and analysis provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), on a consolidated basis for the twelve-month periods ended November 30, 2009 ("2009") and November 30, 2008 ("2008"). This information is dated February 10, 2010, and should be read in conjunction with the Audited Consolidated Financial Statements and the accompanying notes. Unless specified otherwise, the amounts are in Canadian dollars.

The financial information contained in this Management's Discussion and Analysis and in the Company's Audited Consolidated Financial Statements has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") except for certain information presented below under the heading "Non-GAAP Measures". The Audited Consolidated Financial Statements and Management's Discussion and Analysis have been reviewed by the Audit Committee of Theratechnologies and approved by its Board of Directors.

This Management's Discussion and Analysis contains forward-looking information. Additional information about the forward-looking information as well as the associated risks and uncertainties can be found on pages 25 to 37 of the report.

Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The 2009 financial year began with the closing of the Collaboration and Licensing Agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany. Under the terms of this agreement, Theratechnologies received a payment of US $30,000,000 (CAD$36,951,000), including an initial payment of US$22,000,000 (CAD$27,097,000) from EMD Serono and a subscription for common shares of Theratechnologies totaling US$8,000,000 (CAD$9,854,000) by Merck KGaA. The agreement, entered into between the two parties on October 28, 2008, stipulates that Theratechnologies could receive up to US$215,000,000, including the upfront payment and milestone payments based on attaining certain development, regulatory and sales objectives. Furthermore, Theratechnologies will be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

Under the terms of this agreement, the principal responsibility of Theratechnologies was to submit a New Drug Application ("NDA") to the Food and Drug Administration ("FDA") in the United States in order to obtain approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In the early months of the year, Theratechnologies' scientific and regulatory teams devoted themselves to finalizing the NDA, which was submitted to the FDA on May 29, 2009. In mid-August, the FDA advised Theratechnologies that it had accepted the submission of the tesamorelin NDA. In accordance with the Collaboration and Licensing Agreement with EMD Serono, Theratechnologies received a milestone payment of US$10,000,000 (CAD$10,884,000) related to the acceptance of the NDA submission by the FDA.

As part of the regulatory review currently underway, the FDA asked Theratechnologies to appear at a public meeting before the Endocrinologic and Metabolic Drugs Advisory Committee in order to obtain the advice of independent experts on the use of tesamorelin to treat excess abdominal fat in HIV-infected patients with lipodystrophy. Initially scheduled for February 24, 2010, the meeting was postponed—due to administrative delays at the FDA—until a later date that has not yet been determined.

In parallel with the Company's regulatory activities, Theratechnologies presented additional data from the Phase 3 clinical program at major scientific conferences, notably the 91st Annual Meeting of the Endocrine Society ("ENDO") in Washington, D.C. and the 11 th International Workshop on Adverse Drug Reactions and Co-morbidities in HIV, in Philadelphia. By way of background, the 52-week results from the confirmatory Phase 3 clinical trial were announced in December 2008. As part of its effort to build awareness of the disease, Theratechnologies also sponsored a symposium entitled "Lipohypertrophy: Beyond Body Image" at the 12th European AIDS Conference ("EACS") in Cologne, Germany. Finally, the Company began preclinical work in 2009 on a molecule being developed for the treatment of acute kidney failure.

With respect to the overall strategy of the Company, Management undertook a review of its business plan in early 2009. The resulting growth strategy, which was presented at the Annual and Special Meeting of Shareholders held on March 26, 2009, centers on the development of tesamorelin, the Company's lead molecule, and is built around three main objectives. The first is to obtain approval for tesamorelin in HIV-associated lipodystrophy in the United States. Once tesamorelin is approved, the Company expects to receive increasing royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the United States. The second objective is to develop additional markets and conclude partnership agreements outside the United States. Finally, the Company's third objective is to select and launch clinical programs evaluating tesamorelin for the treatment of other medical conditions. Together with sound product life-cycle management, this strategy emphasizing the development of tesamorelin is expected to support the growth of Theratechnologies for the next few years.

ECONOMIC ENVIRONMENT

For the past two years, the capital markets were characterized by significant stock market volatility and a notable decline in access to capital across all sectors, particularly biotechnology. In parallel, an economic slowdown occurred in almost all sectors.

The general decline of capital markets has had a negative effect on the cost of capital for companies. However, the Company does not envisage raising capital in 2010 because its liquidity level is sufficient to meet the operating needs of its current business plan.

Theratechnologies' investment policy is conservative. The Company invests its funds in highly liquid, low-risk instruments as described under the heading "Liquidity and Capital Resources".

The Company relies on third parties for the manufacture and supply of tesamorelin and it is not aware of any information suggesting that its principal suppliers will not be able to meet their financial obligations.

Furthermore, Theratechnologies is relying on its American commercial partner, EMD Serono, to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company is not aware of any information suggesting that its partner will not be able to meet its financial obligations.

EXPECTATIONS FOR THE PRESENT FINANCIAL YEAR

The Company's primary objective for the current financial year is the acceptance for marketing approval in the United States of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Marketing approval could result in the achievement of regulatory milestones under the Collaboration and Licensing Agreement with EMD Serono. Once approved, the Company expects to receive royalties from the sale of tesamorelin in the United States. Furthermore, the Company will continue to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin.

The Company's second objective is to expand into new territories where tesamorelin could be used for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. To this end, during the present financial year, the Company will be seeking third parties having a regulatory expertise in obtaining marketing approval of new drugs and a commercial expertise in launching new pharmaceutical products with the intent of entering into strategic alliances with them. Under such strategic alliance agreements, these third parties would be responsible for obtaining marketing approval of tesamorelin in one or more territories and commercializing tesamorelin in such territories.

Concurrently with the seeking of third parties with which to enter into strategic alliance agreements, the Company will continue to pursue regulatory activities outside of the United States to advance its application regarding the use of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. However, given the Company's primary objective, the pace at which these activities will progress will depend on the FDA's decision regarding the Company's NDA as well as on the timing of such decision.

Corrected as at March 8, 2010 ////

The Company's third objective is to select and begin additional clinical programs once marketing approval for tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is obtained.

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. The Company has sufficient liquidities to self-finance its activities for the current financial year.

Selected annual information
CONSOLIDATED STATEMENT OF EARNINGS
Years ended November 30

(in thousands of dollars, except per share amounts)	**2009**	2008*	2007*
Revenues	**$ 19,720**	$ 2,641	$ 3,134
Research and development before tax credits	**$ 22,226**	$ 35,326	$ 31,866
Operating loss before realized loss on impairment of available-for-sale financial assets	**$ (15,058)**	$ (48,033)	$ (37,611)
Net loss	**$ (15,058)**	$ (48,611)	$ (37,668)
Basic and diluted loss per share	**$ (0.25)**	$ (0.85)	$ (0.72)

CONSOLIDATED BALANCE SHEET
At November 30

(in thousands of dollars)	**2009**	2008*	2007*
Liquidities (cash and bonds)	**$ 63,362**	$ 46,337	$ 60,368
Tax credits receivable	**$ 1,666**	$ 1,784	$ 1,418
Total assets	**$ 69,487**	$ 53,545	$ 73,649
Capital stock	**$ 279,169**	$ 269,219	$ 238,842
Shareholders' equity	**$ 43,048**	$ 46,347	$ 65,036

* Information restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets.

Operating results
NON-GAAP MEASURES

The Company uses measures that do not conform to GAAP to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

DEFINITION AND RECONCILIATION OF NON-GAAP MEASURES

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the Collaboration and Licensing Agreement with EMD Serono, Management uses adjusted net loss and adjusted burn rate before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

Adjusted net loss

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Net loss, per the financial statements	**$ (4,698)**	$ (15,145)	**$ (15,058)**	$ (48,611)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted net loss	**$ (6,409)**	$ (15,145)	**$ (28,233)**	$ (48,611)

Adjusted burn rate from operating activities before changes in operating assets and liabilities

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Burn rate before changes in operating assets and liabilities, per the financial statements	**$ (4,333)**	$ (9,559)	**$ (13,547)**	$ (41,592)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted burn rate before changes in operating assets and liabilities	**$ (6,044)**	$ (9,559)	**$ (26,722)**	$ (41,592)

* Information restated following the adoption of the CICA Handbook Section 3064, Goodwill and Intangible Assets.

REVENUES

Theratechnologies' consolidated revenues for the year ended November 30, 2009, were $19,720,000, compared to $2,641,000 for the same period in 2008. The increased revenues in 2009 are related to the initial payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono, as well as the receipt of a milestone payment of US$10,000,000 (CAD$10,884,000) during the third quarter of 2009.

The payment of US$30,000,000 (CAD$36,951,000) received upon the closing of the agreement included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560,000 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction recorded on the balance sheet amounted to $20,537,000.

The milestone payment of $10,884,000, received during the third quarter, is associated with the acceptance by the U.S. FDA to review the NDA for tesamorelin that was submitted by the Company on May 29, 2009. Under the terms of the Collaboration and Licensing Agreement with EMD Serono, a milestone payment of US $10,000,000 was associated with the FDA's acceptance to review the NDA for tesamorelin. All milestone payments, including the aforementioned payment, are recorded as they are earned, upon the achievement of predetermined milestones specified in the agreement.

For the year ended November 30, 2009, interest revenues were $2,252,000, compared to $2,427,000 for the same period in 2008. The decrease in interest revenues over the fiscal year is associated with lower interest rates, which translated to a lower return on investment.

R&D ACTIVITIES

For the year ended November 30, 2009, consolidated research and development ("R&D") expenses, before tax credits, amounted to $22,226,000, compared to $35,326,000 for the same period in 2008, representing a decrease of 37.1%. The decrease in R&D expenses is due to the conclusion of the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy, in the first half of 2009. The R&D expenses incurred in 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin. The R&D expenses for 2009 include a non-recurring charge of $1,377,000 associated with research materials produced to obtain stability data and to validate the commercial production process, as required by the FDA.

The majority of R&D expenses in 2009 were applied to tesamorelin in HIV-associated lipodystrophy. Based on the current business plan, R&D expenditures should decrease over the year 2010 and should be approximately 30% lower than in 2009. During the first months of the 2010 financial year, a large part of the R&D expenses should continue to be related to follow up on the regulatory filing, as mentioned earlier. Several other projects are included in the R&D budget for 2010, notably activities related to product life-cycle management for tesamorelin, regulatory activities related to the development of additional markets outside the United States, as well as the preliminary work related to the selection of new clinical programs. The R&D budget for 2010 also provides for the development of an acute renal insufficiency program. The molecule developed by the Company for the treatment of acute renal insufficiency was identified as a potential program to be developed internally. The Company intends to complete the ongoing preclinical work before it selects and begins a clinical program for this molecule.

TAX CREDITS

Tax credits amounted to $1,795,000 for the year ended November 30, 2009, compared to $2,111,000 in 2008. Tax credits represent refundable tax credits obtained from the Québec government. Lower R&D expenditures in 2009 contributed to the decrease in tax credits.

GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended November 30, 2009, general and administrative expenses were $7,149,000, compared to $6,185,000 for the same period in 2008. The increased expenses for the year ended November 30, 2009, are principally due to a higher exchange loss as well as costs associated with revising the Company's business plan in the first quarter. The exchange losses are due to the conversion of monetary assets and liabilities denominated in foreign currencies into Canadian dollar equivalents using rates of exchange in effect on the balance sheet date. These expenses should decrease slightly in 2010.

SELLING AND MARKET DEVELOPMENT EXPENSES

For the year ended November 30, 2009, selling and market development expenses were $2,583,000, compared to $3,811,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Following the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono. These expenses should be maintained at the same level in 2010.

PATENTS, AMORTIZATION AND IMPAIRMENT OF OTHER ASSETS

For the year ended November 30, 2009, patents, amortization and impairment of other assets amounted to $346,000, compared to $5,239,000, in 2008. In 2008, the Company conducted an impairment test on the intellectual property of the ExoPep platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The write-off of $4,571,000 is included in “Patents, amortization and impairment of other assets” in the consolidated statement of earnings.

FEES RELATED TO THE STRATEGIC REVIEW PROCESS AND THE COLLABORATION AND LICENSING AGREEMENT WITH EMD SERONO

In 2009, an amount of $4,269,000 was recognized as a cost associated with the conclusion of the agreement with EMD Serono described earlier. In 2008, the costs related to the strategic review amounted to $2,224,000. These costs are essentially composed of fees paid to the various experts retained to help Management and the Board of Directors.

REALIZED LOSS ON IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

NET RESULTS

Reflecting the changes in revenues and expenses described above, the Company incurred a net loss, in 2009, of $15,058,000 ($0.25 per share), compared to a net loss of $48,611,000 ($0.85 per share) for the same period in 2008. For the year ended November 30, 2009, the net loss included revenue of $17,444,000 and a non-recurring charge of $4,269,000 related to the agreement with EMD Serono. Excluding these two items, the adjusted net loss (see “Non-GAAP Measures“) amounted to $28,233,000, a decrease of 41.9% compared to the same period in 2008. The net loss in 2008 included the previously described impairment losses totalling $5,149,000.

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. This information has been restated following the adoption of the CICA Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of dollars, except per share amounts)	**2009**				2008			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 2,246**	**$ 13,148**	**$ 2,317**	**$ 2,009**	$ 616	$ 710	$ 716	$ 599
Net loss (net earnings)	**$ (4,698)**	**$ 5,824**	**$ (5,430)**	**$ (10,754)**	$ (15,145)	$ (11,220)	$(11,382)	$ (10,864)
Basic and diluted loss (earnings) per share	**$ (0.08)**	**$ 0.10**	**$ (0.09)**	**$ (0.18)**	$ (0.26)	$ (0.19)	$ (0.20)	$ (0.20)

As described above, the increased revenues in 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to an impairment in the value of intellectual property.

Corrected as at March 8, 2010 ////

Fourth quarter

Consolidated revenues for the three-month period ended November 30, 2009, amounted to $2,246,000, compared to $616,000 for the same period in 2008. Interest revenue in the fourth quarter of 2009 amounted to $528,000, compared to $518,000 for the same period in 2008. The increased revenues for the three-month period ended November 30, 2009, are related to the payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono. This payment of US$30,000,000 (CAD$36,951,000) included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the fourth quarter of 2009, an amount of $1,711,000 related to this transaction was recognized as revenue.

Consolidated R&D expenses, before tax credits, totalled $4,534,000 for the fourth quarter of 2009, compared to $6,313,000 for the same period in 2008, representing a decrease of 28.2%. This decrease in R&D expenses is due to the conclusion of the Phase 3 clinical program evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The R&D expenses incurred in the fourth quarter of 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin.

General and administrative expenses were $1,634,000 in the fourth quarter of 2009, compared to $1,874,000 for the same period in 2008. The lower expenses for the three-month period ended November 2009 are associated with a reduction in foreign exchange loss.

Selling and market development costs amounted to $1,067,000 for the fourth quarter of 2009, compared to $1,124,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Since the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono.

Patents, amortization and impairment of other assets amounted to $120,000 for the three months ended November 30, 2009, compared to $4,727,000 for the corresponding period in 2008. In the fourth quarter of 2008, the Company conducted an impairment test on the intellectual property of the ExoPep discovery platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The impairment of other assets of $4,571,000 is included in "Patents, amortization and impairment of other assets" in the consolidated statement of earnings.

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

Consequently, the Company recorded a net loss for the three-month period ended November 30, 2009, of $4,698,000 ($0.08 per share), compared to a net loss of $15,145,000 ($0.26 per share) for the same period in 2008. The fourth quarter net loss includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see "Non-GAAP Measures") amounted to $6,409,000, a decrease of 57.7% compared to the same period in 2008.

In the three months ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,333,000, compared to $9,559,000 for the same period in 2008. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $6,044,000, a decrease of 36.8%, compared to the corresponding period in 2008.

Liquidity and capital resources

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, and patents. The Company makes every attempt to manage its liquidity to minimize shareholder dilution.

To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of common equity and proceeds and royalties from technologies following the closing of the agreement with EMD Serono. Since inception, the Company has financed its liquidity needs primarily through public offerings of common shares and private placements. When possible, the Company tries to optimize its liquidity position through non-dilutive sources, including investment tax credits, grants, interest income as well as proceeds and royalties from technologies.

For the year ended November 30, 2009, the burn rate, represented by cash flows from operating activities and excluding changes in operating assets and liabilities, was $13,547,000 compared to $41,592,000 in 2008. The decrease in the 2009 burn rate is principally related to the payments received under the agreement with EMD Serono as well as the decline in R&D expenditures and in selling and market development costs. Excluding the revenue of $17,444,000 and the non-recurring charge of $4,269,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $26,722,000, a decrease of 35.8%, compared to the corresponding period in 2008.

Based on the current business plan, the adjusted burn rate is expected to amount approximately to $24,000,000 in 2010. Taking into consideration the liquidity level and the reduced burn rate, the Company believes that its liquidity position is sufficient to finance its operating activities and its capital needs over the fiscal year.

Theratechnologies maintained a good liquidity position in 2009. At November 30, 2009, cash and bonds amounted to $63,362,000 and tax credits receivable amounted to $1,666,000, for a total of $65,028,000.

It is the policy of the Company to minimize its level of debt. The Company has a line of credit of $1,800,000 for its short-term financing needs. As at November 30, 2009, this line of credit was not being used. However, $323,000 of this amount was allocated to secure an irrevocable letter of credit related to lease commitments on its premises. This letter of credit will be cancelled on April 30, 2010, under the terms of the lease renewal, described in "Contractual obligations".

The Company invests its available cash in highly liquid fixed income instruments from governmental, municipal and paragovernmental bodies ($60,384,000 at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 at November 30, 2009).

Under the terms of the agreement with EMD Serono, the Company issued 2,179,837 common shares for a cash consideration of US$8,000,000 (CAD$9,854,000) during the first quarter. The Company also received share subscriptions amounting to $96,000 for the issuance of 34,466 common shares in connection with its share purchase plan.

During the first quarter of 2008, the Company completed a public offering for the sale and issuance of 3,500,000 common shares for cash proceeds of $29,750,000. Issue costs totalled $1,938,000, resulting in net proceeds of $27,812,000. In the year ended November 30, 2008, the Company issued 119,666 common shares following the exercise of stock options, for cash proceeds of $397,000. The Company also received share subscriptions amounting to $149,000 for the issuance of 64,291 common shares to employees in connection with its share purchase plan.

Corrected as at March 8, 2010 ////

Contractual obligations

The Company rents premises under an operating lease expiring in April 2010. The lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the lease are as follows:

PAYMENTS REQUIRED BY DUE DATE

(in thousands of dollars)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating lease	$ 6,576	$ 340	$ 2,020	$ 4,216

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240,000 for the year beginning May 1, 2010, and will be increased by 2.5% annually for the duration of the lease.

The lessor will provide the Company an amount of $728,000 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323,000 which will be cancelled on April 30, 2010, under the terms of the lease renewal, along with a first rank movable mortgage in the amount of $1,150,000 covering all of the Company's tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

Furthermore, during and after the year ended November 30, 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of tesamorelin. Some of these agreements stipulate an obligation to purchase minimum quantities of product, subject to certain conditions.

Off-balance sheet arrangements

The Company was not involved in any off-balance sheet arrangements as at November 30, 2009, with the exception of the lease renewal as described above and an irrevocable letter of credit issued in the amount of $323,000 related to lease commitments.

Subsequent events

A) SHAREHOLDER RIGHTS PLAN

On February 10, 2010, the Company's Board of Directors adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

B) GRANTING OF STOCK OPTIONS

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

Financial risk management

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in losses.

Financial instruments other than cash that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in fixed income instruments from governmental, paragovernmental and municipal bonds ($60,384,000 as at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 as at November 30, 2009). As at November 30, 2009, the Company was not exposed to any credit risk over the carrying amount of the bonds.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in the section "Liquidity and Capital Ressources". It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates. Bonds mature on November 30 during the following fiscal years: $10,036,000 in 2010, $15,446,000 in 2011, $19,716,000 in 2012, $13,791,000 in 2013 and $2,854,000 in 2014. The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2009, are presented in note 13B) of the Consolidated Financial Statements.

FOREIGN CURRENCY RISK

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from royalties, technologies and other expenses for research and development incurred in US dollars, euros and pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages foreign exchange risk by maintaining U.S. cash on hand to support U.S. forecasted cash outflows for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk, due to the limited volume of transactions conducted by the Company in these currencies.

Corrected as at March 8, 2010 ////

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in the consolidated statement of earnings to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the conversion of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each balance sheet date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of earnings. Given the Company's policy on the management of foreign currencies, a sudden change in foreign exchange rates would not impair or enhance its ability to pay its U.S. dollar denominated obligations.

The following table provides significant items exposed to foreign exchange as at November 30, 2009:

(in thousands of Canadian dollars)	November 30, 2009		
	$US	EUR	GBP
Cash	1,471	—	—
Accounts receivable	—	4	—
Accounts payable and accrued liabilities	(1,095)	—	(25)
Balance sheet elements exposed to foreign currency risk	376	4	(25)

The following exchange rates applied during the year ended November 30, 2009:

	Average rate	Reporting date
$US — $CAN	1.0594	1.0556
EUR — $CAN	1.5808	1.5852
GBP — $CAN	1.7597	1.7366

Based on the Company's foreign currency exposures noted above, varying the foreign exchange rates in the preceding table to reflect a 5% strengthening of the Canadian dollar would have increased the net loss as follows, assuming that all other variables remained constant:

(in thousands of Canadian dollars)	$US	EURO	GBP
Increase net loss	19	—	(1)

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the foreign currency amounts shown above, on the basis that all other variables remain constant.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds of the Company are invested at fixed interest rates and mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in the accumulated other comprehensive income (loss).

Based on the value of the Company's short and long-term bonds at November 30, 2009, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive loss by $620,000; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Accounts receivable, accounts payable and accrued liabilities bear no interest.

Based on the value of variable interest-bearing cash during year ended November 30, 2009 ($5,800,000), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and decreased the net loss by $29,000; an assumed decrease of 0.5% would have had an equal but opposite effect.

Financial instruments

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by prices quoted on active markets (level 2 inputs — see “New accounting policies — Financial instruments — Disclosures”).

Critical accounting estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions, which affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The amounts presented and the information provided in the notes reflect the range of economic conditions that are most susceptible to occur and the measures Management intends to take. Actual results could differ from these estimates. Discussed below are those policies that are judged to be critical and require the use of judgment in their application.

INVENTORY VALUATION

Our inventory is carried at the lower of First-In-First-Out cost or net realizable value. We regularly review inventory quantities on hand and record a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

PROPERTY AND EQUIPMENT AND OTHER ASSETS

Property and equipment and other assets are stated at cost. Amortization is provided using methods and annual rates which are expected to reflect their economic and useful life. On a regular basis, the Company reviews the estimated useful lives of its property and equipment. Assessing the reasonableness of the estimated useful lives of property and equipment requires judgement and is based on currently available information.

IMPAIRMENT OF LONG-TERM ASSETS

The Company reviews its property and equipment and other assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be used is measured by the comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Management’s judgment regarding the existence of impairment indicators is based on legal factors, market conditions and operating performance. The fair value against which the asset is measured may be established based on comparable information or transactions, discounted cash flows or other methods of assessment depending on the nature of the asset. In estimating future cash flows, the Company uses its best estimates based on internal plans, which take Management judgment into consideration. Changes in circumstances, such as technological advances and changes in business strategy can result in useful lives and future cash flows differing significantly from estimates. Revisions to the estimated useful lives of property and equipment or future cash flows constitute a change in accounting estimate and are applied prospectively.

Corrected as at March 8, 2010 ////

INCOME TAXES

Income taxes are accounted for using the asset and liability method. Future income tax assets and liabilities are recognized in the balance sheet to account for the future tax consequences attributable to temporary differences between the respective accounting and taxable value of balance sheet assets and liabilities. Future income tax assets and income tax liabilities are measured using the income tax rates that are most likely to apply when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. In estimating the realization of future income tax assets, Management considers whether a portion or all future tax assets is more likely than not to be realized. Realization is subject to future taxable income. As at November 30, 2009, the Company determined that a tax valuation allowance for the full amount of future tax assets was necessary. In the event the Company determines that it can realize its tax assets, it will readjust them for the amount and adjust the income in the period for which such determination is made.

RESEARCH AND DEVELOPMENT

Research and development expenditures consist of direct and indirect expenses. They are expensed as they are incurred. The Company accounts for clinical trial expenses on the basis of work completed which relies on estimates of total costs incurred based on completion of studies, on the number of patients and other factors. The expenses that are recorded with respect to clinical trials are reviewed as the trial advances up until its final phase.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company accounts for employee stock options using the fair value based method estimated using the Black-Scholes model, which requires the use of certain assumptions, including future stock price volatility and the time interval until the options are exercised. Under this method, compensation cost is measured at fair value at the date of grant and is expensed over the vesting period.

GOVERNMENT ASSISTANCE

Government assistance consists of research tax credits and grants and is applied against related expenses and the cost of the asset acquired. Tax credits are available based on eligible research and development expenses consisting of direct and indirect expenditures and including a reasonable allocation of overhead expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

New accounting policies

ADOPTION OF NEW ACCOUNTING STANDARDS

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941,000 and $599,000, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented in the consolidated statements of earnings were reduced by $342,000 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 — *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements*, Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

Corrected as at March 8, 2010 ////

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

Outstanding share data

At February 9, 2010, the number of shares issued and outstanding was 60,449,225 while outstanding options granted under the stock option plan were 2,891,801.

Disclosure controls and procedures and internal control over financial reporting

As at November 30, 2009, an evaluation of the effectiveness of disclosure controls and procedures, as defined in the rules of the Canadian Securities Administrators, was carried out. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer concluded that the design and operating effectiveness of those disclosure controls and procedures were effective.

Also at November 30, 2009, an evaluation of the effectiveness of internal controls over financial reporting, as defined in the rules of the Canadian Securities Administrators, was carried out to provide reasonable assurance regarding the reliability of financial reporting and financial statement compliance with GAAP. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer concluded that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were based on the criteria outlined in the document entitled "Internal Control over Financial Reporting — Guidance for Smaller Public Companies" published by the Committee of Sponsoring Organizations of the Treadway Commission, a recognized model, and as per Regulation 52-109 of the Canadian Securities Administrators. A disclosure committee comprised of members of Senior Management assists the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer in their responsibilities.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. There were no changes in internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

There were no changes in our internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 operating results. 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 commercial success of the Company depends largely on the development and commercialization of tesamorelin; the failure by the Company to commercialize tesamorelin would 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 peptides, all are at earlier stages 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 excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the United States market alone. Although the Company entered into the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors:

- receipt of regulatory approvals of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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);
- entering into one or more strategic alliance agreements with one or more partners or building a marketing and sales force in countries other than the United States to help with the regulatory approval and/or the marketing and sale of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in those countries;
- in the United States, the amount of resources used by the Company's commercial partner to commercialize tesamorelin;
- maintaining manufacturing and supply agreements to ensure the availability of 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 claims.

The Company's inability to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term in the United States would delay its capacity to generate revenues and would affect its financial condition and operating results.

Corrected as at March 8, 2010 ////

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 Company focused its development to treat excess abdominal fat in HIV-infected patients with lipodystrophy and the first market the Company wishes to penetrate for this treatment is the United States. The rules and regulations relating to the approval of a new drug are complex and stringent and although the FDA has accepted the filing of the Company's NDA, there can be no guarantee that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In addition, there can be no guarantee that the Company will be able to obtain the regulatory approvals of agencies in other countries to sell tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

All of the products of the Company are subject to preclinical and clinical studies. If the results of such studies are not positive, the Company may not be in a position to make any filing to obtain the mandatory regulatory approval or, even where a product has been filed for approval, it may have to conduct additional clinical studies or testing on such product until the results support the safety and efficacy of such product. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, refused. If tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is not approved for commercialization in the United States by the FDA, the capacity of the Company to generate revenues in the short-term will be hampered and this will have an adverse effect on its financial condition and its operating results.

The obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Company obtains regulatory approval from one agency, or succeeds in filing the equivalent of a NDA 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 evidence of the safety and efficacy of a product in order to allow the Company to sell the product 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 of a product and such additional tests may delay the approval of a product, can have a material adverse affect on the Company's financial condition based on the type of additional tests to be conducted and may not necessarily lead to the approval of a product.

Although the Company has received a Special Protocol Assessment 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 excess abdominal fat in HIV-infected patients with lipodystrophy. Even if the FDA approves tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that other regulatory agencies will approve tesamorelin for this treatment in their respective countries.

Even if the Company obtains regulatory approval for any of its products, regulatory agencies have the ability 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 of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy 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 and 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 the FDA's Good Manufacturing Practices (hereafter "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 Company has no control over the timing of the review of its NDA by the FDA.

Although the FDA advised the Company that it had set a date of March 29, 2010 under the Prescription Drug User Fee Act (United States), more commonly known as "PDUFA", by which it targets to have completed its review of the Company's NDA, there can be no guarantee that such date shall be met. The Company has no control over the timing of the review of its NDA by the FDA and this timing could vary based on the FDA's workload, potential review issues contained in the Company's NDA and other similar factors over which the Company has no control.

Even if tesamorelin is ultimately approved by the FDA, any delay in completing the review of the Company's NDA will result in a delay in the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy and could materially adversely affect the operating results of the Company and the development of future clinical programs.

The Company is dependent on the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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, the Company granted its commercial partner the exclusive right to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. Although the agreement contains provisions governing the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 exact timing of the launch of tesamorelin in the United States, if approved by the FDA;
- the limited 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 adversely affect the commercialization of tesamorelin in the United States, all of which will divert the attention of Company's Management and its 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 fulfill its obligations under the Collaboration and Licensing Agreement;
- the termination of the Collaboration and Licensing Agreement, which would adversely affect the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

Corrected as at March 8, 2010 ////

The Company relies on third parties for the manufacture and supply of 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 tesamorelin for clinical studies and currently intends to rely on third parties to manufacture and supply large quantities of tesamorelin for commercial sales, if approved by the FDA or other regulatory agencies.

The Company's reliance on third-party manufacturers exposes 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 or 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 subject to delays in the manufacturing of tesamorelin and any other peptide. Any delay in the supply of a product could slow down or interrupt the conduct of clinical trials and, if a product has reached commercialization, could prevent the supply of the product and accordingly, adversely affect the revenues of the Company. Under the Collaboration and Licensing Agreement, the Company agreed to act as manufacturer and supplier of tesamorelin for its commercialization in the United States. Accordingly, any delay in manufacturing tesamorelin by third-party service providers may have a material adverse effect on the sales and royalties payable to the Company. In addition, any manufacturing delay or delay in delivering 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, a delay in clinical study programs and in the filing for regulatory approval of a product and, if a product is approved for commercialization, a shortage of such a product would result in lost revenue to 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 its use. 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 an application seeking reimbursement of a drug and must, therefore, rely in part on third-party service providers 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 a product 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 financial condition could be affected by the introduction of new regulations or amendments to existing regulations.

New regulations or changes to existing regulations affecting the Company and its potential customers could decrease demand for the Company's products and affect its operating results and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that can 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 excess abdominal fat in HIV-infected patients with lipodystrophy, which is now under regulatory review at the FDA. Tesamorelin is also being used in the Phase 2 studies conducted by the MGH and the University of Washington. For the other molecules, and for tesamorelin in Phase 2 NIH studies, there could 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 or result in adverse patient reactions, this may require the Company to extend the term of its studies, to increase the number of patients enrolled in a given study or to undertake ancillary testing. Any of these events could increase the cost of conducting clinical studies, delay the filing of an application for marketing approval with regulatory agencies or result in the termination of a study and, accordingly, abandoning the commercialization of a molecule. In addition, the growth of the Company could be compromised since there can be no guarantee that the Company will be able to develop new molecules, license or purchase compounds or products that will result in marketed products.

Corrected as at March 8, 2010 ////

The Company relies on third-party service providers to conduct its preclinical and clinical studies and respond to the FDA's questions regarding the Company's NDA submission. The failure by one of these third parties to comply with their obligations may delay the studies, have an adverse effect on the Company's development program and/or delay the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

The Company has limited human resources to conduct preclinical and clinical studies and must rely on third-party service providers to conduct its studies and carry out certain data gathering and analyses. If the Company's third-party service providers 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, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of the agreements entered into 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 the filing of an application for marketing approval in a jurisdiction where the Company relies on third-party service provider to make such filing. In addition, where the Company relies on such third-party service provider to help in answering any question raised by a regulatory agency during its review of a Company file, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of the Company's third-party service providers are material, or, for any reason, such providers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, the Company would need to find alternative third-party service providers.

If the Company must change or select new third-party service providers, the planned working schedule related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if the Company must change or select new third-party service providers to carry out work in response to a regulatory agency review of a Company's application, there may occur delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product.

Any selection of new third-party service providers to carry out work related to preclinical and clinical studies would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would 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 financial condition and operating results.

The conduct of clinical trials requires the enrollment of patients and difficulties in enrolling patients could 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 which 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 could result in the cancellation of clinical trials or delays in completing them. Any of these events would have adverse consequences on the timely development of new products, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of the Company's products. Such events would adversely affect the business, the financial condition and operating results of the Company.

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 must enter into strategic alliance 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.

Although the Company was successful in finding a third party for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and although the Company has ongoing discussions with third parties with the aim of entering into strategic alliance agreements with such third parties to commercialize tesamorelin outside of the United States, the conclusion of an agreement with a party 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 the agreement. The outcome of this process is uncertain and the Company may not be able to conclude any other strategic alliance agreements for the commercialization of its products, including the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories other than the United States. The commercialization of the Company's products may be delayed if it is unable to find third parties to commercialize its products and this could adversely materially affect the financial condition and the operating results of the Company. Even if the Company enters into strategic alliance agreements with third parties for the commercialization of its products, those agreements often contain termination provisions which, if exercised, could delay the commercialization of its products given that the Company has no sales force. If the Company does not succeed in entering into a strategic alliance agreement for a particular territory, it would then not succeed in commercializing the product in such a territory. In such an event, the Company may decide to commercialize the product itself in that territory and the Company has no experience in commercializing a product in any market.

The Company's intent to possibly retain the commercial rights of its products for Canada implies that it would market and sell the product itself on the Canadian market. However, the Company currently has limited marketing capabilities and it has limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience the Company has in this area. To the extent the Company develops a sales force, the Company could be competing against companies that 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 a sales force which the Company develops would be efficient and would maximize the revenues derived from the sale of a Company product.

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 would 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-related lipodystrophy with tesamorelin, there can be no guarantee that the Company will receive a patent in the other countries where it filed patent applications for the treatment of HIV-related lipodystrophy.

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 such confidential information, 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-related 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 an action against a third party infringing on the Company's intellectual property with respect to tesamorelin for the treatment of HIV-related 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-related lipodystrophy and adversely affect the Company's revenues.

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 tesamorelin and its application in HIV-related lipodystrophy does not guarantee that the Company is not infringing on other third-party patents and there can be no guarantee that the Company will not be in violation of third-party 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 such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that the Company would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would 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 would 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 to be found liable for infringement of third-party 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 operating results 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 abdominal 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. Although the Company believes that it has few direct competitors for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, it could face indirect competition.

In the other clinical programs currently being evaluated by the Company for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which the Company is evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to those of the Company. In addition, some of these competitors could be 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 further develop 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 developing such systems and attracting and retaining qualified personnel. Failure to manage growth effectively could have an adverse effect on the Company's business, financial condition and operating results.

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 financially 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, 2009, the Company reported losses of $15,058,000. 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, 2009, it had an accumulated deficit of $243,887,000. The Company does not expect to generate significant recurrent revenues in the immediate future and will continue to experience losses as it continues its efforts to obtain regulatory approvals for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States 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 (i) to obtain regulatory approval for the use of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and on the capacity of its commercial partner to commercialize tesamorelin for such indication and (ii) to expand the commercialization of tesamorelin in other territories. 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.

Although the Company has enough funding to support its current business plan, the Company does not generate significant revenues and may need financing in order to sustain its growth, to continue its research and development of new products and 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 condition and operating results 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 the Company 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 also not receive royalties. 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 operating results.

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 an application to obtain regulatory approval, beginning of commercialization or announcement of additional clinical programs 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 publicly announced timeline. 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 operating results of the Company.

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

The Company conducts research activities in order to increase its portfolio of products. 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 its portfolio of products.

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 available coverage and, therefore, have a material adverse effect upon the Company and its financial condition. 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.

Forward-looking information

This annual report and the MD&A contained herein, include 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 commercialization of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the receipt of royalties related to sales of tesamorelin, the development of tesamorelin in additional markets, the conclusion of strategic partnerships, and the liquidity needs to finance the Company’s operations. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties are described under the section “Risks and Uncertainties” above.

Although the forward-looking information contained in this MD&A 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 FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company’s business plan will not be substantially modified 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 MD&A 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.

Further information on Theratechnologies

Further information on Theratechnologies, including the Company’s Annual Information Form, is available on the SEDAR site at www.sedar.com.

MANAGEMENT'S DISCUSSION
AND ANALYSIS

The following discussion and analysis provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), on a consolidated basis for the twelve-month periods ended November 30, 2009 ("2009") and November 30, 2008 ("2008"). This information is dated February 10, 2010, and should be read in conjunction with the Audited Consolidated Financial Statements and the accompanying notes. Unless specified otherwise, the amounts are in Canadian dollars.

The financial information contained in this Management's Discussion and Analysis and in the Company's Audited Consolidated Financial Statements has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") except for certain information presented below under the heading "Non-GAAP Measures". The Audited Consolidated Financial Statements and Management's Discussion and Analysis have been reviewed by the Audit Committee of Theratechnologies and approved by its Board of Directors.

This Management's Discussion and Analysis contains forward-looking information. Additional information about the forward-looking information as well as the associated risks and uncertainties can be found on pages 25 to 37 of the report.

Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The 2009 financial year began with the closing of the Collaboration and Licensing Agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany. Under the terms of this agreement, Theratechnologies received a payment of US $30,000,000 (CAD$36,951,000), including an initial payment of US$22,000,000 (CAD$27,097,000) from EMD Serono and a subscription for common shares of Theratechnologies totaling US$8,000,000 (CAD$9,854,000) by Merck KGaA. The agreement, entered into between the two parties on October 28, 2008, stipulates that Theratechnologies could receive up to US$215,000,000, including the upfront payment and milestone payments based on attaining certain development, regulatory and sales objectives. Furthermore, Theratechnologies will be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

Under the terms of this agreement, the principal responsibility of Theratechnologies was to submit a New Drug Application ("NDA") to the Food and Drug Administration ("FDA") in the United States in order to obtain approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In the early months of the year, Theratechnologies' scientific and regulatory teams devoted themselves to finalizing the NDA, which was submitted to the FDA on May 29, 2009. In mid-August, the FDA advised Theratechnologies that it had accepted the submission of the tesamorelin NDA. In accordance with the Collaboration and Licensing Agreement with EMD Serono, Theratechnologies received a milestone payment of US$10,000,000 (CAD$10,884,000) related to the acceptance of the NDA submission by the FDA.

As part of the regulatory review currently underway, the FDA asked Theratechnologies to appear at a public meeting before the Endocrinologic and Metabolic Drugs Advisory Committee in order to obtain the advice of independent experts on the use of tesamorelin to treat excess abdominal fat in HIV-infected patients with lipodystrophy. Initially scheduled for February 24, 2010, the meeting was postponed—due to administrative delays at the FDA—until a later date that has not yet been determined.

In parallel with the Company's regulatory activities, Theratechnologies presented additional data from the Phase 3 clinical program at major scientific conferences, notably the 91st Annual Meeting of the Endocrine Society ("ENDO") in Washington, D.C. and the 11 th International Workshop on Adverse Drug Reactions and Co-morbidities in HIV, in Philadelphia. By way of background, the 52-week results from the confirmatory Phase 3 clinical trial were announced in December 2008. As part of its effort to build awareness of the disease, Theratechnologies also sponsored a symposium entitled "Lipohypertrophy: Beyond Body Image" at the 12th European AIDS Conference ("EACS") in Cologne, Germany. Finally, the Company began preclinical work in 2009 on a molecule being developed for the treatment of acute kidney failure.

With respect to the overall strategy of the Company, Management undertook a review of its business plan in early 2009. The resulting growth strategy, which was presented at the Annual and Special Meeting of Shareholders held on March 26, 2009, centers on the development of tesamorelin, the Company's lead molecule, and is built around three main objectives. The first is to obtain approval for tesamorelin in HIV-associated lipodystrophy in the United States. Once tesamorelin is approved, the Company expects to receive increasing royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the United States. The second objective is to develop additional markets and conclude partnership agreements outside the United States. Finally, the Company's third objective is to select and launch clinical programs evaluating tesamorelin for the treatment of other medical conditions. Together with sound product life-cycle management, this strategy emphasizing the development of tesamorelin is expected to support the growth of Theratechnologies for the next few years.

ECONOMIC ENVIRONMENT

For the past two years, the capital markets were characterized by significant stock market volatility and a notable decline in access to capital across all sectors, particularly biotechnology. In parallel, an economic slowdown occurred in almost all sectors.

The general decline of capital markets has had a negative effect on the cost of capital for companies. However, the Company does not envisage raising capital in 2010 because its liquidity level is sufficient to meet the operating needs of its current business plan.

Theratechnologies' investment policy is conservative. The Company invests its funds in highly liquid, low-risk instruments as described under the heading "Liquidity and Capital Resources".

The Company relies on third parties for the manufacture and supply of tesamorelin and it is not aware of any information suggesting that its principal suppliers will not be able to meet their financial obligations.

Furthermore, Theratechnologies is relying on its American commercial partner, EMD Serono, to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company is not aware of any information suggesting that its partner will not be able to meet its financial obligations.

EXPECTATIONS FOR THE PRESENT FINANCIAL YEAR

The Company's primary objective for the current financial year is the acceptance for marketing approval in the United States of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Marketing approval could result in the achievement of regulatory milestones under the Collaboration and Licensing Agreement with EMD Serono. Once approved, the Company expects to receive royalties from the sale of tesamorelin in the United States. Furthermore, the Company will continue to collaborate with EMD Serono for the preparation of the commercialization of tesamorelin.

The Company's second objective is to expand into new territories where tesamorelin could be used for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. To this end, during the present financial year, the Company will be seeking third parties having a regulatory expertise in obtaining marketing approval of new drugs and a commercial expertise in launching new pharmaceutical products with the intent of entering into strategic alliances with them. Under such strategic alliance agreements, these third parties would be responsible for obtaining marketing approval of tesamorelin in one or more territories and commercializing tesamorelin in such territories.

Concurrently with the seeking of third parties with which to enter into strategic alliance agreements, the Company will continue to pursue regulatory activities outside of the United States to advance its application regarding the use of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. However, given the Company's primary objective, the pace at which these activities will progress will depend on the FDA's decision regarding the Company's NDA as well as on the timing of such decision.

The Company's third objective is to select and begin additional clinical programs once marketing approval for tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is obtained.

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. The Company has sufficient liquidities to self-finance its activities for the current financial year.

Selected annual information
CONSOLIDATED STATEMENT OF EARNINGS
Years ended November 30

(in thousands of dollars, except per share amounts)	**2009**	2008*	2007*
Revenues	**$ 19,720**	$ 2,641	$ 3,134
Research and development before tax credits	**$ 22,226**	$ 35,326	$ 31,866
Operating loss before realized loss on impairment of available-for-sale financial assets	**$ (15,058)**	$ (48,033)	$ (37,611)
Net loss	**$ (15,058)**	$ (48,611)	$ (37,668)
Basic and diluted loss per share	**$ (0.25)**	$ (0.85)	$ (0.72)

CONSOLIDATED BALANCE SHEET
At November 30

(in thousands of dollars)	**2009**	2008*	2007*
Liquidities (cash and bonds)	**$ 63,362**	$ 46,337	$ 60,368
Tax credits receivable	**$ 1,666**	$ 1,784	$ 1,418
Total assets	**$ 69,487**	$ 53,545	$ 73,649
Capital stock	**$ 279,169**	$ 269,219	$ 238,842
Shareholders' equity	**$ 43,048**	$ 46,347	$ 65,036

* Information restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Intangible Assets.

Operating results
NON-GAAP MEASURES

The Company uses measures that do not conform to GAAP to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

DEFINITION AND RECONCILIATION OF NON-GAAP MEASURES

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the Collaboration and Licensing Agreement with EMD Serono, Management uses adjusted net loss and adjusted burn rate before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

Adjusted net loss

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Net loss, per the financial statements	**$ (4,698)**	$ (15,145)	**$ (15,058)**	$ (48,611)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted net loss	**$ (6,409)**	$ (15,145)	**$ (28,233)**	$ (48,611)

Adjusted burn rate from operating activities before changes in operating assets and liabilities

(in thousands of dollars)	Fourth quarter		Year	
	2009	2008*	**2009**	2008*
Burn rate before changes in operating assets and liabilities, per the financial statements	**$ (4,333)**	$ (9,559)	**$ (13,547)**	$ (41,592)
Adjustments:				
Revenues associated with a Collaboration and Licensing Agreement (note 7 to the consolidated financial statements)	**(1,711)**	—	**(17,444)**	—
Fees associated with a Collaboration and Licensing Agreement	—	—	**4,269**	—
Adjusted burn rate before changes in operating assets and liabilities	**$ (6,044)**	$ (9,559)	**$ (26,722)**	$ (41,592)

* Information restated following the adoption of the CICA Handbook Section 3064, Goodwill and Intangible Assets.

REVENUES

Theratechnologies' consolidated revenues for the year ended November 30, 2009, were $19,720,000, compared to $2,641,000 for the same period in 2008. The increased revenues in 2009 are related to the initial payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono, as well as the receipt of a milestone payment of US$10,000,000 (CAD$10,884,000) during the third quarter of 2009.

The payment of US$30,000,000 (CAD$36,951,000) received upon the closing of the agreement included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560,000 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction recorded on the balance sheet amounted to $20,537,000.

The milestone payment of $10,884,000, received during the third quarter, is associated with the acceptance by the U.S. FDA to review the NDA for tesamorelin that was submitted by the Company on May 29, 2009. Under the terms of the Collaboration and Licensing Agreement with EMD Serono, a milestone payment of US $10,000,000 was associated with the FDA's acceptance to review the NDA for tesamorelin. All milestone payments, including the aforementioned payment, are recorded as they are earned, upon the achievement of predetermined milestones specified in the agreement.

For the year ended November 30, 2009, interest revenues were $2,252,000, compared to $2,427,000 for the same period in 2008. The decrease in interest revenues over the fiscal year is associated with lower interest rates, which translated to a lower return on investment.

R&D ACTIVITIES

For the year ended November 30, 2009, consolidated research and development ("R&D") expenses, before tax credits, amounted to $22,226,000, compared to $35,326,000 for the same period in 2008, representing a decrease of 37.1%. The decrease in R&D expenses is due to the conclusion of the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy, in the first half of 2009. The R&D expenses incurred in 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin. The R&D expenses for 2009 include a non-recurring charge of $1,377,000 associated with research materials produced to obtain stability data and to validate the commercial production process, as required by the FDA.

The majority of R&D expenses in 2009 were applied to tesamorelin in HIV-associated lipodystrophy. Based on the current business plan, R&D expenditures should decrease over the year 2010 and should be approximately 30% lower than in 2009. During the first months of the 2010 financial year, a large part of the R&D expenses should continue to be related to follow up on the regulatory filing, as mentioned earlier. Several other projects are included in the R&D budget for 2010, notably activities related to product life-cycle management for tesamorelin, regulatory activities related to the development of additional markets outside the United States, as well as the preliminary work related to the selection of new clinical programs. The R&D budget for 2010 also provides for the development of an acute renal insufficiency program. The molecule developed by the Company for the treatment of acute renal insufficiency was identified as a potential program to be developed internally. The Company intends to complete the ongoing preclinical work before it selects and begins a clinical program for this molecule.

TAX CREDITS

Tax credits amounted to $1,795,000 for the year ended November 30, 2009, compared to $2,111,000 in 2008. Tax credits represent refundable tax credits obtained from the Québec government. Lower R&D expenditures in 2009 contributed to the decrease in tax credits.

GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended November 30, 2009, general and administrative expenses were $7,149,000, compared to $6,185,000 for the same period in 2008. The increased expenses for the year ended November 30, 2009, are principally due to a higher exchange loss as well as costs associated with revising the Company's business plan in the first quarter. The exchange losses are due to the conversion of monetary assets and liabilities denominated in foreign currencies into Canadian dollar equivalents using rates of exchange in effect on the balance sheet date. These expenses should decrease slightly in 2010.

SELLING AND MARKET DEVELOPMENT EXPENSES

For the year ended November 30, 2009, selling and market development expenses were $2,583,000, compared to $3,811,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Following the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono. These expenses should be maintained at the same level in 2010.

PATENTS, AMORTIZATION AND IMPAIRMENT OF OTHER ASSETS

For the year ended November 30, 2009, patents, amortization and impairment of other assets amounted to $346,000, compared to $5,239,000, in 2008. In 2008, the Company conducted an impairment test on the intellectual property of the ExoPep platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The write-off of $4,571,000 is included in “Patents, amortization and impairment of other assets” in the consolidated statement of earnings.

FEES RELATED TO THE STRATEGIC REVIEW PROCESS AND THE COLLABORATION AND LICENSING AGREEMENT WITH EMD SERONO

In 2009, an amount of $4,269,000 was recognized as a cost associated with the conclusion of the agreement with EMD Serono described earlier. In 2008, the costs related to the strategic review amounted to $2,224,000. These costs are essentially composed of fees paid to the various experts retained to help Management and the Board of Directors.

REALIZED LOSS ON IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

NET RESULTS

Reflecting the changes in revenues and expenses described above, the Company incurred a net loss, in 2009, of $15,058,000 ($0.25 per share), compared to a net loss of $48,611,000 ($0.85 per share) for the same period in 2008. For the year ended November 30, 2009, the net loss included revenue of $17,444,000 and a non-recurring charge of $4,269,000 related to the agreement with EMD Serono. Excluding these two items, the adjusted net loss (see “Non-GAAP Measures”) amounted to $28,233,000, a decrease of 41.9% compared to the same period in 2008. The net loss in 2008 included the previously described impairment losses totalling $5,149,000.

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. This information has been restated following the adoption of the CICA Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of dollars, except per share amounts)	**2009**				2008			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 2,246**	**$ 13,148**	**$ 2,317**	**$ 2,009**	$ 616	$ 710	$ 716	$ 599
Net loss (net earnings)	**$ (4,698)**	**$ 5,824**	**$ (5,430)**	**$ (10,754)**	$ (15,145)	$ (11,220)	$ (11,382)	$ (10,864)
Basic and diluted loss (earnings) per share	**$ (0.08)**	**$ 0.10**	**$ (0.09)**	**$ (0.18)**	$ (0.26)	$ (0.19)	$ (0.20)	$ (0.20)

As described above, the increased revenues in 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to an impairment in the value of intellectual property.

Fourth quarter

Consolidated revenues for the three-month period ended November 30, 2009, amounted to $2,246,000, compared to $616,000 for the same period in 2008. Interest revenue in the fourth quarter of 2009 amounted to $528,000, compared to $518,000 for the same period in 2008. The increased revenues for the three-month period ended November 30, 2009, are related to the payment received on December 15, 2008, upon the closing of the Collaboration and Licensing Agreement with EMD Serono. This payment of US$30,000,000 (CAD$36,951,000) included an initial payment of US$22,000,000 (CAD$27,097,000) and a subscription for common shares by Merck KGaA at a price of US$3.67 (CAD$4.52) per share, resulting in gross proceeds of US$8,000,000 (CAD$9,854,000). The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the fourth quarter of 2009, an amount of $1,711,000 related to this transaction was recognized as revenue.

Consolidated R&D expenses, before tax credits, totalled $4,534,000 for the fourth quarter of 2009, compared to $6,313,000 for the same period in 2008, representing a decrease of 28.2%. This decrease in R&D expenses is due to the conclusion of the Phase 3 clinical program evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The R&D expenses incurred in the fourth quarter of 2009 are mainly related to follow up on the regulatory filing, notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as preparation for larger-scale production of tesamorelin.

General and administrative expenses were $1,634,000 in the fourth quarter of 2009, compared to $1,874,000 for the same period in 2008. The lower expenses for the three-month period ended November 2009 are associated with a reduction in foreign exchange loss.

Selling and market development costs amounted to $1,067,000 for the fourth quarter of 2009, compared to $1,124,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of the agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Since the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono.

Patents, amortization and impairment of other assets amounted to $120,000 for the three months ended November 30, 2009, compared to $4,727,000 for the corresponding period in 2008. In the fourth quarter of 2008, the Company conducted an impairment test on the intellectual property of the ExoPep discovery platform following a review of the development strategy for new products by Management. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The impairment of other assets of $4,571,000 is included in "Patents, amortization and impairment of other assets" in the consolidated statement of earnings.

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

Consequently, the Company recorded a net loss for the three-month period ended November 30, 2009, of $4,698,000 ($0.08 per share), compared to a net loss of $15,145,000 ($0.26 per share) for the same period in 2008. The fourth quarter net loss includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see "Non-GAAP Measures") amounted to $6,409,000, a decrease of 57.7% compared to the same period in 2008.

In the three months ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,333,000, compared to $9,559,000 for the same period in 2008. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $6,044,000, a decrease of 36.8%, compared to the corresponding period in 2008.

Liquidity and capital resources

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, and patents. The Company makes every attempt to manage its liquidity to minimize shareholder dilution.

To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of common equity and proceeds and royalties from technologies following the closing of the agreement with EMD Serono. Since inception, the Company has financed its liquidity needs primarily through public offerings of common shares and private placements. When possible, the Company tries to optimize its liquidity position through non-dilutive sources, including investment tax credits, grants, interest income as well as proceeds and royalties from technologies.

For the year ended November 30, 2009, the burn rate, represented by cash flows from operating activities and excluding changes in operating assets and liabilities, was $13,547,000 compared to $41,592,000 in 2008. The decrease in the 2009 burn rate is principally related to the payments received under the agreement with EMD Serono as well as the decline in R&D expenditures and in selling and market development costs. Excluding the revenue of $17,444,000 and the non-recurring charge of $4,269,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see "Non-GAAP Measures"), was $26,722,000, a decrease of 35.8%, compared to the corresponding period in 2008.

Based on the current business plan, the adjusted burn rate is expected to amount approximately to $24,000,000 in 2010. Taking into consideration the liquidity level and the reduced burn rate, the Company believes that its liquidity position is sufficient to finance its operating activities and its capital needs over the fiscal year.

Theratechnologies maintained a good liquidity position in 2009. At November 30, 2009, cash and bonds amounted to $63,362,000 and tax credits receivable amounted to $1,666,000, for a total of $65,028,000.

It is the policy of the Company to minimize its level of debt. The Company has a line of credit of $1,800,000 for its short-term financing needs. As at November 30, 2009, this line of credit was not being used. However, $323,000 of this amount was allocated to secure an irrevocable letter of credit related to lease commitments on its premises. This letter of credit will be cancelled on April 30, 2010, under the terms of the lease renewal, described in "Contractual obligations".

The Company invests its available cash in highly liquid fixed income instruments from governmental, municipal and paragovernmental bodies ($60,384,000 at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 at November 30, 2009).

Under the terms of the agreement with EMD Serono, the Company issued 2,179,837 common shares for a cash consideration of US$8,000,000 (CAD$9,854,000) during the first quarter. The Company also received share subscriptions amounting to $96,000 for the issuance of 34,466 common shares in connection with its share purchase plan.

During the first quarter of 2008, the Company completed a public offering for the sale and issuance of 3,500,000 common shares for cash proceeds of $29,750,000. Issue costs totalled $1,938,000, resulting in net proceeds of $27,812,000. In the year ended November 30, 2008, the Company issued 119,666 common shares following the exercise of stock options, for cash proceeds of $397,000. The Company also received share subscriptions amounting to $149,000 for the issuance of 64,291 common shares to employees in connection with its share purchase plan.

Contractual obligations

The Company rents premises under an operating lease expiring in April 2010. The lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the lease are as follows:

PAYMENTS REQUIRED BY DUE DATE

(in thousands of dollars)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating lease	$ 6,576	$ 340	$ 2,020	$ 4,216

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240,000 for the year beginning May 1, 2010, and will be increased by 2.5% annually for the duration of the lease.

The lessor will provide the Company an amount of $728,000 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323,000 which will be cancelled on April 30, 2010, under the terms of the lease renewal, along with a first rank movable mortgage in the amount of $1,150,000 covering all of the Company's tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

Furthermore, during and after the year ended November 30, 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of tesamorelin. Some of these agreements stipulate an obligation to purchase minimum quantities of product, subject to certain conditions.

Off-balance sheet arrangements

The Company was not involved in any off-balance sheet arrangements as at November 30, 2009, with the exception of the lease renewal as described above and an irrevocable letter of credit issued in the amount of $323,000 related to lease commitments.

Subsequent events

A) SHAREHOLDER RIGHTS PLAN

On February 10, 2010, the Company's Board of Directors adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

B) GRANTING OF STOCK OPTIONS

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

Financial risk management

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in losses.

Financial instruments other than cash that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in fixed income instruments from governmental, paragovernmental and municipal bonds ($60,384,000 as at November 30, 2009) as well as from companies with high credit ratings ($1,459,000 as at November 30, 2009). As at November 30, 2009, the Company was not exposed to any credit risk over the carrying amount of the bonds.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure, as outlined in the section "Liquidity and Capital Ressources". It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met. The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates. Bonds mature on November 30 during the following fiscal years: $10,036,000 in 2010, $15,446,000 in 2011, $19,716,000 in 2012, $13,791,000 in 2013 and $2,854,000 in 2014. The required payments on the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2009, are presented in note 13B) of the Consolidated Financial Statements.

FOREIGN CURRENCY RISK

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from royalties, technologies and other expenses for research and development incurred in US dollars, euros and pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages foreign exchange risk by maintaining U.S. cash on hand to support U.S. forecasted cash outflows for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk, due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in the consolidated statement of earnings to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the conversion of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each balance sheet date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of earnings. Given the Company's policy on the management of foreign currencies, a sudden change in foreign exchange rates would not impair or enhance its ability to pay its U.S. dollar denominated obligations.

The following table provides significant items exposed to foreign exchange as at November 30, 2009:

(in thousands of Canadian dollars)	November 30, 2009		
	$US	EUR	GBP
Cash	1,471	—	—
Accounts receivable	—	4	—
Accounts payable and accrued liabilities	(1,095)	—	(25)
Balance sheet elements exposed to foreign currency risk	376	4	(25)

The following exchange rates applied during the year ended November 30, 2009:

	Average rate	Reporting date
$US — $CAN	1.0594	1.0556
EUR — $CAN	1.5808	1.5852
GBP — $CAN	1.7597	1.7366

Based on the Company's foreign currency exposures noted above, varying the foreign exchange rates in the preceding table to reflect a 5% strengthening of the Canadian dollar would have increased the net loss as follows, assuming that all other variables remained constant:

(in thousands of Canadian dollars)	$US	EURO	GBP
Increase net loss	19	—	(1)

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the foreign currency amounts shown above, on the basis that all other variables remain constant.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds of the Company are invested at fixed interest rates and mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in the accumulated other comprehensive income (loss).

Based on the value of the Company's short and long-term bonds at November 30, 2009, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive loss by $620,000; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Accounts receivable, accounts payable and accrued liabilities bear no interest.

Based on the value of variable interest-bearing cash during year ended November 30, 2009 ($5,800,000), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and decreased the net loss by $29,000; an assumed decrease of 0.5% would have had an equal but opposite effect.

Financial instruments

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by prices quoted on active markets (level 2 inputs — see “New accounting policies — Financial instruments — Disclosures”).

Critical accounting estimates

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions, which affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The amounts presented and the information provided in the notes reflect the range of economic conditions that are most susceptible to occur and the measures Management intends to take. Actual results could differ from these estimates. Discussed below are those policies that are judged to be critical and require the use of judgment in their application.

INVENTORY VALUATION

Our inventory is carried at the lower of First-In-First-Out cost or net realizable value. We regularly review inventory quantities on hand and record a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favorable than previously projected, or if liquidation of the inventory no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

PROPERTY AND EQUIPMENT AND OTHER ASSETS

Property and equipment and other assets are stated at cost. Amortization is provided using methods and annual rates which are expected to reflect their economic and useful life. On a regular basis, the Company reviews the estimated useful lives of its property and equipment. Assessing the reasonableness of the estimated useful lives of property and equipment requires judgement and is based on currently available information.

IMPAIRMENT OF LONG-TERM ASSETS

The Company reviews its property and equipment and other assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be used is measured by the comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Management’s judgment regarding the existence of impairment indicators is based on legal factors, market conditions and operating performance. The fair value against which the asset is measured may be established based on comparable information or transactions, discounted cash flows or other methods of assessment depending on the nature of the asset. In estimating future cash flows, the Company uses its best estimates based on internal plans, which take Management judgment into consideration. Changes in circumstances, such as technological advances and changes in business strategy can result in useful lives and future cash flows differing significantly from estimates. Revisions to the estimated useful lives of property and equipment or future cash flows constitute a change in accounting estimate and are applied prospectively.

INCOME TAXES

Income taxes are accounted for using the asset and liability method. Future income tax assets and liabilities are recognized in the balance sheet to account for the future tax consequences attributable to temporary differences between the respective accounting and taxable value of balance sheet assets and liabilities. Future income tax assets and income tax liabilities are measured using the income tax rates that are most likely to apply when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. In estimating the realization of future income tax assets, Management considers whether a portion or all future tax assets is more likely than not to be realized. Realization is subject to future taxable income. As at November 30, 2009, the Company determined that a tax valuation allowance for the full amount of future tax assets was necessary. In the event the Company determines that it can realize its tax assets, it will readjust them for the amount and adjust the income in the period for which such determination is made.

RESEARCH AND DEVELOPMENT

Research and development expenditures consist of direct and indirect expenses. They are expensed as they are incurred. The Company accounts for clinical trial expenses on the basis of work completed which relies on estimates of total costs incurred based on completion of studies, on the number of patients and other factors. The expenses that are recorded with respect to clinical trials are reviewed as the trial advances up until its final phase.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company accounts for employee stock options using the fair value based method estimated using the Black-Scholes model, which requires the use of certain assumptions, including future stock price volatility and the time interval until the options are exercised. Under this method, compensation cost is measured at fair value at the date of grant and is expensed over the vesting period.

GOVERNMENT ASSISTANCE

Government assistance consists of research tax credits and grants and is applied against related expenses and the cost of the asset acquired. Tax credits are available based on eligible research and development expenses consisting of direct and indirect expenditures and including a reasonable allocation of overhead expenses. Grants are subject to compliance with terms and conditions of the related agreements. Government assistance is recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program or, with regard to tax credits, when there is reasonable assurance that they will be realized.

New accounting policies
ADOPTION OF NEW ACCOUNTING STANDARDS
Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941,000 and $599,000, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented in the consolidated statements of earnings were reduced by $342,000 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively without restatement of prior years to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 — *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of IFRS IAS 27 - *Consolidated and Separate Financial Statements*, Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

Outstanding share data

At February 9, 2010, the number of shares issued and outstanding was 60,449,225 while outstanding options granted under the stock option plan were 2,891,801.

Disclosure controls and procedures
and internal control over financial reporting

As at November 30, 2009, an evaluation of the effectiveness of disclosure controls and procedures, as defined in the rules of the Canadian Securities Administrators, was carried out. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer certified that the design and operating effectiveness of those disclosure controls and procedures were effective.

Also at November 30, 2009, an evaluation of the effectiveness of internal controls over financial reporting, as defined in the rules of the Canadian Securities Administrators, was carried out to provide reasonable assurance regarding the reliability of financial reporting and financial statement compliance with GAAP. Based on that evaluation, the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer will certify that the design and operating effectiveness of internal controls over financial reporting were effective.

These evaluations were based on the criteria outlined in the document entitled "Internal Control over Financial Reporting — Guidance for Smaller Public Companies" published by the Committee of Sponsoring Organizations of the Treadway Commission, a recognized model, and as per Regulation 52-109 of the Canadian Securities Administrators. A disclosure committee comprised of members of Senior Management assists the President and Chief Executive Officer and the Senior Executive Vice-President and Chief Financial Officer in their responsibilities.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud. There were no changes in internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

There were no changes in our internal controls over financial reporting that occurred during the year ended November 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 operating results. 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 commercial success of the Company depends largely on the development and commercialization of tesamorelin; the failure by the Company to commercialize tesamorelin would 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 peptides, all are at earlier stages 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 excess abdominal fat in HIV-infected patients with lipodystrophy. In the short-term, these revenues should be primarily derived from the United States market alone. Although the Company entered into the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 excess abdominal fat in HIV-infected patients with lipodystrophy will depend on several factors:

- receipt of regulatory approvals of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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);
- entering into one or more strategic alliance agreements with one or more partners or building a marketing and sales force in countries other than the United States to help with the regulatory approval and/or the marketing and sale of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in those countries;
- in the United States, the amount of resources used by the Company's commercial partner to commercialize tesamorelin;
- maintaining manufacturing and supply agreements to ensure the availability of 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 claims.

The Company's inability to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the short term in the United States would delay its capacity to generate revenues and would affect its financial condition and operating results.

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 Company focused its development to treat excess abdominal fat in HIV-infected patients with lipodystrophy and the first market the Company wishes to penetrate for this treatment is the United States. The rules and regulations relating to the approval of a new drug are complex and stringent and although the FDA has accepted the filing of the Company's NDA, there can be no guarantee that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. In addition, there can be no guarantee that the Company will be able to obtain the regulatory approvals of agencies in other countries to sell tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

All of the products of the Company are subject to preclinical and clinical studies. If the results of such studies are not positive, the Company may not be in a position to make any filing to obtain the mandatory regulatory approval or, even where a product has been filed for approval, it may have to conduct additional clinical studies or testing on such product until the results support the safety and efficacy of such product. Such studies are often costly and may also delay a filing or, where additional studies or testing are required after a filing has been made, the approval of a product.

While an application for a new drug is under review by a regulatory agency, it is standard for such regulatory agency to ask questions regarding the application that was submitted. If these questions are not answered quickly and in a satisfactory manner, the marketing approval of the product subject to the review and its commercialization could be delayed or, if the questions are not answered in a satisfactory manner, refused. If tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy is not approved for commercialization in the United States by the FDA, the capacity of the Company to generate revenues in the short-term will be hampered and this will have an adverse effect on its financial condition and its operating results.

The obtaining of regulatory approval is subject to the discretion of regulatory agencies. Therefore, even if the Company obtains regulatory approval from one agency, or succeeds in filing the equivalent of a NDA 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 evidence of the safety and efficacy of a product in order to allow the Company to sell the product 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 of a product and such additional tests may delay the approval of a product, can have a material adverse affect on the Company's financial condition based on the type of additional tests to be conducted and may not necessarily lead to the approval of a product.

Although the Company has received a Special Protocol Assessment 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 excess abdominal fat in HIV-infected patients with lipodystrophy. Even if the FDA approves tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, there can be no guarantee that other regulatory agencies will approve tesamorelin for this treatment in their respective countries.

Even if the Company obtains regulatory approval for any of its products, regulatory agencies have the ability 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 of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy 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 and 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 the FDA's Good Manufacturing Practices (hereafter "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 Company has no control over the timing of the review of its NDA by the FDA.

Although the FDA advised the Company that it had set a date of March 29, 2010 under the Prescription Drug User Fee Act (United States), more commonly known as "PDUFA", by which it targets to have completed its review of the Company's NDA, there can be no guarantee that such date shall be met. The Company has no control over the timing of the review of its NDA by the FDA and this timing could vary based on the FDA's workload, potential review issues contained in the Company's NDA and other similar factors over which the Company has no control.

Even if tesamorelin is ultimately approved by the FDA, any delay in completing the review of the Company's NDA will result in a delay in the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy and could materially adversely affect the operating results of the Company and the development of future clinical programs.

The Company is dependent on the Collaboration and Licensing Agreement for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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, the Company granted its commercial partner the exclusive right to commercialize tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. Although the agreement contains provisions governing the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with 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 exact timing of the launch of tesamorelin in the United States, if approved by the FDA;
- the limited 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 adversely affect the commercialization of tesamorelin in the United States, all of which will divert the attention of Company's Management and its 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 fulfill its obligations under the Collaboration and Licensing Agreement;
- the termination of the Collaboration and Licensing Agreement, which would adversely affect the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

The Company relies on third parties for the manufacture and supply of 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 tesamorelin for clinical studies and currently intends to rely on third parties to manufacture and supply large quantities of tesamorelin for commercial sales, if approved by the FDA or other regulatory agencies.

The Company's reliance on third-party manufacturers exposes 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 or 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 subject to delays in the manufacturing of tesamorelin and any other peptide. Any delay in the supply of a product could slow down or interrupt the conduct of clinical trials and, if a product has reached commercialization, could prevent the supply of the product and accordingly, adversely affect the revenues of the Company. Under the Collaboration and Licensing Agreement, the Company agreed to act as manufacturer and supplier of tesamorelin for its commercialization in the United States. Accordingly, any delay in manufacturing tesamorelin by third-party service providers may have a material adverse effect on the sales and royalties payable to the Company. In addition, any manufacturing delay or delay in delivering 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, a delay in clinical study programs and in the filing for regulatory approval of a product and, if a product is approved for commercialization, a shortage of such a product would result in lost revenue to 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 its use. 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 an application seeking reimbursement of a drug and must, therefore, rely in part on third-party service providers 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 a product 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 financial condition could be affected by the introduction of new regulations or amendments to existing regulations.

New regulations or changes to existing regulations affecting the Company and its potential customers could decrease demand for the Company's products and affect its operating results and financial condition. For example, the implementation of health care reform legislation that regulates drug costs could limit the profits that can 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 excess abdominal fat in HIV-infected patients with lipodystrophy, which is now under regulatory review at the FDA. Tesamorelin is also being used in the Phase 2 studies conducted by the MGH and the University of Washington. For the other molecules, and for tesamorelin in Phase 2 NIH studies, there could 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 or result in adverse patient reactions, this may require the Company to extend the term of its studies, to increase the number of patients enrolled in a given study or to undertake ancillary testing. Any of these events could increase the cost of conducting clinical studies, delay the filing of an application for marketing approval with regulatory agencies or result in the termination of a study and, accordingly, abandoning the commercialization of a molecule. In addition, the growth of the Company could be compromised since there can be no guarantee that the Company will be able to develop new molecules, license or purchase compounds or products that will result in marketed products.

The Company relies on third-party service providers to conduct its preclinical and clinical studies and respond to the FDA's questions regarding the Company's NDA submission. The failure by one of these third parties to comply with their obligations may delay the studies, have an adverse effect on the Company's development program and/or delay the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

The Company has limited human resources to conduct preclinical and clinical studies and must rely on third-party service providers to conduct its studies and carry out certain data gathering and analyses. If the Company's third-party service providers 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, or damage from any event such as fire, flood, earthquake, business restructuring or insolvency or, if they fail to perform their contractual obligations pursuant to the terms of the agreements entered into 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 the filing of an application for marketing approval in a jurisdiction where the Company relies on third-party service provider to make such filing. In addition, where the Company relies on such third-party service provider to help in answering any question raised by a regulatory agency during its review of a Company file, the unavailability of such third-party service provider may adversely affect the timing of the review of an application and, could ultimately delay the approval. If the damages to any of the Company's third-party service providers are material, or, for any reason, such providers do not operate in compliance with GLP or are unable or refuse to perform their contractual obligations, the Company would need to find alternative third-party service providers.

If the Company must change or select new third-party service providers, the planned working schedule related to preclinical and/or clinical studies could be delayed since the number of competent and reliable third-party service providers of preclinical and clinical work in compliance with GLP is limited. In addition, if the Company must change or select new third-party service providers to carry out work in response to a regulatory agency review of a Company's application, there may occur delays in responding to such regulatory agency which, in turn, may lead to delays in commercializing a product.

Any selection of new third-party service providers to carry out work related to preclinical and clinical studies would be time-consuming and would result in additional delays in receiving data, analysis and reports from such third-party service providers which, in turn, would 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 financial condition and operating results.

The conduct of clinical trials requires the enrollment of patients and difficulties in enrolling patients could 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 which 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 could result in the cancellation of clinical trials or delays in completing them. Any of these events would have adverse consequences on the timely development of new products, the filing of an NDA, or its equivalent, with regulatory agencies and the commercialization of the Company's products. Such events would adversely affect the business, the financial condition and operating results of the Company.

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 must enter into strategic alliance 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.

Although the Company was successful in finding a third party for the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and although the Company has ongoing discussions with third parties with the aim of entering into strategic alliance agreements with such third parties to commercialize tesamorelin outside of the United States, the conclusion of an agreement with a party 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 the agreement. The outcome of this process is uncertain and the Company may not be able to conclude any other strategic alliance agreements for the commercialization of its products, including the commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in territories other than the United States. The commercialization of the Company's products may be delayed if it is unable to find third parties to commercialize its products and this could adversely materially affect the financial condition and the operating results of the Company. Even if the Company enters into strategic alliance agreements with third parties for the commercialization of its products, those agreements often contain termination provisions which, if exercised, could delay the commercialization of its products given that the Company has no sales force. If the Company does not succeed in entering into a strategic alliance agreement for a particular territory, it would then not succeed in commercializing the product in such a territory. In such an event, the Company may decide to commercialize the product itself in that territory and the Company has no experience in commercializing a product in any market.

The Company's intent to possibly retain the commercial rights of its products for Canada implies that it would market and sell the product itself on the Canadian market. However, the Company currently has limited marketing capabilities and it has limited experience in developing, training or managing a sales force. The development of a sales force would be costly and would be time-consuming given the limited experience the Company has in this area. To the extent the Company develops a sales force, the Company could be competing against companies that 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 a sales force which the Company develops would be efficient and would maximize the revenues derived from the sale of a Company product.

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 would 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-related lipodystrophy with tesamorelin, there can be no guarantee that the Company will receive a patent in the other countries where it filed patent applications for the treatment of HIV-related lipodystrophy.

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 such confidential information, 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-related 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 an action against a third party infringing on the Company's intellectual property with respect to tesamorelin for the treatment of HIV-related 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-related lipodystrophy and adversely affect the Company's revenues.

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 tesamorelin and its application in HIV-related lipodystrophy does not guarantee that the Company is not infringing on other third-party patents and there can be no guarantee that the Company will not be in violation of third-party 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 such third-party's patents or any of its other intellectual property rights. Under such circumstances, there is no guarantee that the Company would not become involved in litigation. Litigation with any third party, even if the allegations are without merit, is expensive, time-consuming and would 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 would 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 to be found liable for infringement of third-party 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 operating results 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 abdominal 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. Although the Company believes that it has few direct competitors for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, it could face indirect competition.

In the other clinical programs currently being evaluated by the Company for development, there may exist companies that are at a more advanced stage of developing a product to treat the diseases for which the Company is evaluating clinical programs. Some of these competitors could have access to capital resources, research and development personnel and facilities that are superior to those of the Company. In addition, some of these competitors could be 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 further develop 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 developing such systems and attracting and retaining qualified personnel. Failure to manage growth effectively could have an adverse effect on the Company's business, financial condition and operating results.

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 financially 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, 2009, the Company reported losses of $15,058,000. 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, 2009, it had an accumulated deficit of $243,887,000. The Company does not expect to generate significant recurrent revenues in the immediate future and will continue to experience losses as it continues its efforts to obtain regulatory approvals for tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States 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 (i) to obtain regulatory approval for the use of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States and on the capacity of its commercial partner to commercialize tesamorelin for such indication and (ii) to expand the commercialization of tesamorelin in other territories. 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.

Although the Company has enough funding to support its current business plan, the Company does not generate significant revenues and may need financing in order to sustain its growth, to continue its research and development of new products and 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 condition and operating results 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 the Company 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 also not receive royalties. 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 operating results.

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 an application to obtain regulatory approval, beginning of commercialization or announcement of additional clinical programs 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 publicly announced timeline. 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 operating results of the Company.

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

The Company conducts research activities in order to increase its portfolio of products. 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 its portfolio of products.

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 available coverage and, therefore, have a material adverse effect upon the Company and its financial condition. 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.

Forward-looking information

This annual report and the MD&A contained herein, include 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 commercialization of tesamorelin in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the receipt of royalties related to sales of tesamorelin, the development of tesamorelin in additional markets, the conclusion of strategic partnerships, and the liquidity needs to finance the Company’s operations. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties are described under the section “Risks and Uncertainties” above.

Although the forward-looking information contained in this MD&A 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 FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company’s business plan will not be substantially modified 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 MD&A 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.

Further information on Theratechnologies

Further information on Theratechnologies, including the Company’s Annual Information Form, is available on the SEDAR site at www.sedar.com.

MANAGEMENT'S REPORT

The consolidated financial statements of Theratechnologies Inc. presented in the following pages and all information in this annual report are the responsibility of Management and have been approved by the Board of Directors of the Company.

These financial statements have been prepared by Management in accordance with accounting principles generally accepted in Canada. They include amounts based on exercise of judgment and on estimates. Management has established these amounts reasonably to ensure that financial results are presented accurately in all material respects. The other financial information included in the annual report is consistent with that of the financial statements.

In order to ensure accuracy and objectiveness of information included in the financial statements, the Company's Management maintains internal accounting and administrative control systems. Management is of the opinion that these controls provide reasonable assurance regarding the adequacy of the accounting records for the preparation of the financial statements and the adequacy of the recording and safeguarding of assets.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board, and none of its members is involved in the daily operations of the Company. All the members of this Committee are financially literate. The Committee meets periodically with Management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that everyone is properly discharging their responsibilities, and to review the financial statements with the external auditors.

The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the re-appointment of the external auditors.

The financial statements have been audited on behalf of the shareholders by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to the Audit Committee with respect to their findings concerning the fairness of the financial reporting and the adequacy of internal controls.

YVES ROSCONI
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

LUC TANGUAY
SENIOR EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

MONTRÉAL, CANADA
FEBRUARY 10, 2010

AUDITORS' REPORT
TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Theratechnologies Inc. as at November 30, 2009 and 2008 and the consolidated statements of earnings, comprehensive loss, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP*

CHARTERED ACCOUNTANTS
MONTRÉAL, CANADA
JANUARY 22, 2010
(EXCEPT FOR NOTE 15 A),
WHICH IS AS OF FEBRUARY 10, 2010)

* CA Auditor permit no. 14114

CONSOLIDATED
BALANCE SHEETS
NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	2009	2008 (restated — note 2A))
Assets		
Current assets:		
Cash	**$ 1,519**	$ 133
Bonds	**10,036**	10,955
Accounts receivable	**375**	610
Tax credits receivable	**1,666**	1,784
Inventories	**2,225**	—
Research supplies	**287**	301
Prepaid expenses	**302**	397
	16,410	14,180
Bonds	**51,807**	35,249
Property and equipment (note 4)	**1,229**	1,299
Other assets (note 5)	**41**	2,817
	$ 69,487	$ 53,545
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 5,901**	$ 7,198
Current portion of deferred revenues (note 7)	**6,847**	—
	12,748	7,198
Deferred revenues (note 7)	**13,691**	—
Shareholders' equity:		
Capital stock (note 6)	**279,169**	269,219
Contributed surplus	**6,484**	5,585
Accumulated other comprehensive income	**1,282**	372
Deficit	**(243,887)**	(228,829)
	(242,605)	(228,457)
Total shareholders' equity	**43,048**	46,347
Commitments (note 9)		
Subsequent events (note 15)		
	$ 69,487	$ 53,545

See accompanying notes to consolidated financial statements.

On behalf of the Board:

PAUL POMMIER
DIRECTOR

JEAN-DENIS TALON
DIRECTOR

CONSOLIDATED STATEMENTS
OF EARNINGS
YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars, except per share amounts)	2009	2008 (restated — note 2 A))
Revenues:		
Royalties, technologies and other (note 7)	**$ 17,468**	$ 214
Interest	**2,252**	2,427
	19,720	2,641
Operating costs and expenses:		
Research and development	**22,226**	35,326
Tax credits	**(1,795)**	(2,111)
	20,431	33,215
General and administrative	**7,149**	6,185
Selling and market development	**2,583**	3,811
Patents, amortization and impairment of other assets (note 5)	**346**	5,239
Fees associated with the strategic review process	**—**	2,224
Fees associated with the Collaboration and Licensing Agreement (note 7)	**4,269**	—
	34,778	50,674
Operating loss before undernoted item	**(15,058)**	(48,033)
Realized loss on impairment of available-for-sale financial assets (note 11 B))	**—**	(578)
Net loss	**$ (15,058)**	$ (48,611)
Basic and diluted loss per share (note 6 C))	**$ (0.25)**	$ (0.85)
Weighted average number of common shares outstanding	**60,314,309**	57,415,468

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF COMPREHENSIVE LOSS
YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	2009	2008 (restated — note 2A))
Net loss	**$ (15,058)**	$ (48,611)
Unrealized gains on available-for-sale financial assets	**1,039**	133
Reclassification adjustment for gains and losses on available-for-sale financial assets (note 11 B))	**(129)**	572
Comprehensive loss	**$ (14,148)**	$ (47,906)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF SHAREHOLDERS' EQUITY
YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	Capital stock Number	Capital stock Dollars	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, November 30, 2007	54,531,133	$238,842	$ 4,807	$ (333)	$(177,339)	$ 65,977
Changes in accounting policies (note 2 A))	—	—	—	—	(941)	(941)
Issuance of share capital (note 6)	3,564,291	29,899	—	—	—	29,899
Share issue costs	—	—	—	—	(1,938)	(1,938)
Exercise of stock options:						
Cash proceeds	119,666	397	—	—	—	397
Ascribed value	—	81	(81)	—	—	—
Stock-based compensation	—	—	859	—	—	859
Net loss	—	—	—	—	(48,611)	(48,611)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	705	—	705
Balance, November 30, 2008	**58,215,090**	**269,219**	**5,585**	**372**	**(228,829)**	**46,347**
Issuance of share capital (note 6)	**2,214,303**	**9,950**	**—**	**—**	**—**	**9,950**
Stock-based compensation	**—**	**—**	**899**	**—**	**—**	**899**
Net loss	**—**	**—**	**—**	**—**	**(15,058)**	**(15,058)**
Change in unrealized gains and losses on available-for-sale financial assets	**—**	**—**	**—**	**910**	**—**	**910**
Balance, November 30, 2009	**60,429,393**	**$279,169**	**$ 6,484**	**$ 1,282**	**$(243,887)**	**$ 43,048**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS
OF CASH FLOW
YEARS ENDED NOVEMBER 30, 2009 AND 2008

(in thousands of dollars)	2009	2008 (restated — note 2A))
Cash flows from operating activities:		
Net loss	**$(15,058)**	$ (48,611)
Adjustments for:		
Amortization of property and equipment	**612**	625
Amortization and impairment of other assets	**—**	4,957
Stock-based compensation	**899**	859
Realized loss on impairment of available-for-sale financial assets	**—**	578
	(13,547)	(41,592)
Changes in operating assets and liabilities:		
Interest receivable on bonds	**(923)**	405
Accounts receivable	**260**	(134)
Tax credits receivable	**118**	(366)
Inventories	**(2,225)**	—
Research supplies	**2,765**	582
Prepaid expenses	**95**	17
Accounts payable and accrued liabilities	**(1,424)**	(1,324)
Deferred revenues	**20,538**	—
	19,204	(820)
	5,657	(42,412)
Cash flows from financing activities:		
Share issuance	**9,950**	30,296
Share issue costs	**(8)**	(1,930)
	9,942	28,366
Cash flows from investing activities:		
Additions to property and equipment	**(407)**	(301)
Acquisition of bonds	**(29,111)**	(17,987)
Disposal of bonds	**15,305**	29,889
	(14,213)	11,601
Net change in cash	**1,386**	(2,445)
Cash, beginning of year	**133**	2,578
Cash, end of year	**$ 1,519**	$ 133

See note 11 for supplemental cash flow information.

See accompanying notes to consolidated financial statements.

1. Organization and business activities

The Company, incorporated under Part 1A of the Québec Companies Act, is a Canadian biopharmaceutical company that discovers and develops novel therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive speciality markets where it can retain all or some of the whole or a part of the commercial rights for its products.

2. New accounting policies

A) ADOPTION OF NEW ACCOUNTING STANDARDS

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941 and $599, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented on the consolidated statements of earnings were reduced by $342 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS"). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively, without restatement of prior years, to all financial assets and liabilities measured at fair value in the interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

2. New accounting policies (continued)

A) ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

B) FUTURE ACCOUNTING CHANGES

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 — *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of IFRS IAS 27 — *Consolidated and Separate Financial Statements* , Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian generally accepted accounting principles, as used by publicly accountable enterprises, would be fully converged into IFRS, as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

3. Significant accounting policies

A) CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

B) CASH EQUIVALENTS

Cash equivalents are restricted to investments that are readily convertible into cash, having a term to initial maturity not exceeding three months and whose value is not likely to change significantly. As at November 30, 2009 and 2008, there were no cash equivalents.

C) INVENTORIES

Inventories are stated at the lower of first-in first-out cost or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

D) FINANCIAL ASSETS AND LIABILITIES

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included in the consolidated balance sheets and are measured at fair market value, with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet or if there is an impairment in fair value of these assets that is other than temporary.

Derivative instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The Company has classified its bonds and investments in public companies as available-for-sale financial assets and are measured at fair market value. The Company has also classified accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities, and they are measured at amortized cost.

3. Significant accounting policies (continued)

E) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates/periods:

Asset	Method	Rate/period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance and straight-line	20% 5 years
Office equipment and furniture	Declining balance	20%
Leasehold improvements	Straight-line	Term of lease

F) OTHER ASSETS

Other assets consist namely of intellectual property and research supplies.

Intellectual property is amortized over a period of 20 years using the straight-line method.

Research supplies are purchased in advance in accordance with regulatory requirements to be used in connection with the Company's clinical trials. Research supplies that are not expected to be used within one year from the date of the balance sheet are classified as long-term.

G) IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews property and equipment and other long-term assets for impairment whenever events or changes in circumstances indicate that the carrying value of property and equipment or assets may not be recoverable. Recoverability of assets to be used is measured by the comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated from the assets. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying value of the asset exceeds its fair value. The fair value against which the asset is measured may be established based on comparable information or transactions, or any other method of assessment.

H) REVENUE RECOGNITION

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met. Revenues subject to the achievement of milestones are recorded only when the specified events have occurred and collectibility is assured.

Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

License fees are recorded when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

Revenues from a collaboration agreement that includes multiple elements are considered to be a revenue arrangement with multiple deliverables. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values. Payments received under the collaboration agreement may include upfront payments, milestone payments, research contracts, license fees and royalties. Revenues for each unit of accounting are recorded as described above.

Interest income is recognized as earned using the effective interest method.

3. Significant accounting policies (continued)

I) RESEARCH AND DEVELOPMENT

Research expenditures, net of related research tax credits and grants, are charged to earnings in the year in which they are incurred. Development expenditures, net of tax credits, if any, are capitalized when they meet the appropriate criteria for capitalization in accordance with generally accepted accounting principles. During the years ended November 30, 2009 and 2008, no development expenditures were capitalized.

J) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The Company records stock-based compensation related to employee stock options granted using the fair value based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting period. Stock-based compensation related to non-employee stock options is based on the fair value of the consideration received, or the fair value of the equity instrument issued, whichever is more reliably measured.

K) GOVERNMENT ASSISTANCE

Government assistance, consisting of research tax credits and grants, is recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program. Research tax credits are recorded when there is reasonable assurance that they will be realized.

L) FOREIGN EXCHANGE

Foreign denominated monetary assets and liabilities are converted to Canadian dollars at the rates of exchange prevailing at the balance sheet dates. Other assets and liabilities are converted to the exchange rates prevailing when the assets were acquired or the liabilities incurred. Revenues and expenses are converted at the rates prevailing at the respective transaction date, except for depreciation and amortization which are converted at the same rates as those used in the translation of the corresponding assets. Foreign exchange gains and losses are included in the determination of net earnings or net loss.

M) INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are recognized in the balance sheet to account for the future tax consequences attributable to temporary differences between the respective accounting and taxable value of balance sheet assets and liabilities. As appropriate, a valuation allowance is recognized to decrease the value of tax assets to an amount that is more likely than not to be realized. Future income tax assets and income tax liabilities are measured using income tax rates that are enacted or substantively enacted when the asset is realized or the liability is settled. The effect of changes in income tax rates is recognized in the year during which these rates change.

N) EARNINGS PER SHARE

The earnings per share are determined using the weighted average number of outstanding shares during the year.

The treasury stock method is used for the computation of the diluted earnings per share. Under this method, a number of additional shares, if they are dilutive, are calculated assuming that the outstanding stock options are exercised, and that the proceeds from the transactions are used to purchase common shares at the average market price during the period.

3. Significant accounting policies (continued)

O) USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of Management estimates include estimating the useful lives and recoverability of long-lived assets, including property and equipment and other assets, estimating accruals for clinical trial expenses, estimating stock-based compensation and revenue, as well as assessing the recoverability of inventories, research tax credits and grants, investments and future income taxes. Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures to be taken by Management. Actual results could differ from those estimates.

4. Property and equipment

			2009
	Cost	**Accumulated amortization**	**Net book value**
Computer equipment	**$ 874**	**$ 617**	**$ 257**
Laboratory equipment	**1,945**	**1,519**	**426**
Office equipment and furniture	**1,124**	**701**	**423**
Leasehold improvements	**1,854**	**1,731**	**123**
	$ 5,797	**$ 4,568**	**$ 1,229**

			2008
	Cost	Accumulated amortization	Net book value
Computer equipment	$ 682	$ 500	$ 182
Laboratory equipment	1,824	1,427	397
Office equipment and furniture	1,015	700	315
Leasehold improvements	1,846	1,441	405
	$ 5,367	$ 4,068	$ 1,299

5. Other assets

			2009
	Cost	**Accumulated amortization**	**Net book value**
Other assets	**$ 41**	**$ —**	**$ 41**

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

5. Other assets (continued)

For the year ended November 30, 2009, research and development expenses include a charge of $1,377 related to research supplies that were produced in order to obtain stability data and to validate the production process as required by the U.S. Food and Drug Administration (“FDA”).

			2008 (Restated note 2A))
	Cost	Accumulated amortization	Net book value
Intellectual property	$ 7,670	$ 7,670	$ —
Research supplies	2,751	—	2,751
Other assets	66	—	66
	$ 10,487	$ 7,670	$ 2,817

In 2008, the Company conducted an impairment test on the intellectual property included in “Other assets” following a review of the development strategy by Management for new products. As a consequence, the Company wrote off the carrying amount of this intellectual property. The write-off of $4,571 is included in “Patents, amortization and impairment of other assets” in the consolidated statements of earnings.

6. Capital stock

	2009	2008
Authorized in unlimited number and without par value:		
Common shares		
Preferred shares issuable in one or more series		
Issued:		
60,429,393 common shares (58,215,090 in 2008)	**$279,169**	$269,219

2009

Under the terms of the agreement with EMD Serono Inc. (“EMD Serono”), the Company issued 2,179,837 common shares for a cash consideration of $9,854 (see note 7).

In 2009, the Company received subscriptions in the amount of $96 for the issuance of 34,466 common shares in connection with its share purchase plan.

2008

On February 13, 2008, the Company completed a public offering for the sale and issue of 3,500,000 common shares for cash proceeds of $29,750. The issuance costs amounted to $1,938.

In 2008, the Company received subscriptions in the amount of $149 for the issuance of 64,291 common shares in connection with its share purchase plan.

All shares were issued for a cash consideration.

6. Capital stock (continued)

A) STOCK OPTION PLAN

The Company has established a stock option plan under which it can grant to its Directors, Officers, Employees, Researchers and Consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the date it is granted. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period of 0 to 5 years. On November 30, 2009, 1,244,834 additional options could be granted by the Company.

Changes in the number of options outstanding during the past two fiscal years were as follows:

	Options	Weighted average exercise price per share
Options as at November 30, 2007	2,207,633	$ 6.32
Granted	111,000	7.98
Exercised	(119,666)	3.32
Cancelled	(37,167)	9.57
Options as at November 30, 2008	2,161,800	6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009	2,665,800	$ 5.20

The following table provides stock option information as at November 30, 2009:

	Options outstanding			Exercisable options	
Price range	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price	Number of exercisable options	Weighted average exercise price
$ 1.20 - $ 2.00	1,291,508	7.57	$ 1.71	742,508	$ 1.63
2.01 - 2.75	141,459	4.85	2.59	141,459	2.59
2.76 - 3.75	70,000	6.51	3.37	43,333	3.64
4.61 - 6.00	25,000	3.53	5.43	25,000	5.43
6.01 - 9.00	591,333	5.76	8.18	526,977	8.16
9.01 - 13.50	495,000	3.76	10.72	441,662	10.68
13.51 - 15.30	51,500	1.28	15.15	51,500	15.15
	2,665,800	6.13	$ 5.20	1,972,439	$ 5.92

B) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009	2008
Risk-free interest rate	**1.83%**	3.36%
Volatility	**79.5%**	70.4%
Average option life in years	**6**	6
Dividend yield	**nil**	nil

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

6. Capital stock (continued)

B) STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS (CONTINUED)

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the years ended November 30, 2009 and 2008:

	Number of options	Weighted average grant-date fair value
2009	680,500	$ 1.26
2008	111,000	$ 5.16

The Black-Scholes model, used by the Company to calculate option values, as well as other accepted option valuation models, were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values.

C) DILUTED LOSS PER SHARE

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute basic earnings per share in the future.

7. Collaboration and Licensing Agreement

On October 28, 2008, the Company entered into a Collaboration and Licensing Agreement with EMD Serono, an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). Theratechnologies retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the Initial Product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951) which, includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction amounted to $20,537.

7. Collaboration and Licensing Agreement (continued)

On August 12, 2009, the FDA accepted the New Drug Application ("NDA") made by the Company for tesamorelin. Under the terms of the Company's Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

8. Future income taxes

Details of the components of income taxes are as follows:

	2009	2008
Net loss before income taxes	**$(15,058)**	$(48,611)
Basic income tax rate	**30.9%**	31.0%
Computed income tax provision	**(4,652)**	(15,069)
Adjustments to income tax provision resulting from:		
Impact of decrease in federal tax rates:		
Decrease in value of future tax assets	**—**	5,910
Change in valuation allowance	**—**	(5,910)
Unrecorded potential tax benefit of current year losses and other deductions	**4,029**	17,201
Non-deductible items and others	**623**	(2,132)
	$ —	$ —

The tax incidence of temporary differences resulting in significant portions of future income tax assets is as follows:

	2009	2008
Future income tax assets:		
Losses carried forward	**$ 21,490**	$ 16,045
Unused research and development expenses	**29,380**	26,591
Property and equipment	**674**	544
Share issue costs	**776**	1,174
Intellectual property and patent fees	**12,307**	16,248
Available deductions and other	**4,187**	4,183
	68,814	64,785
Less valuation allowance	**(68,814)**	(64,785)
Net future income tax asset	**$ —**	$ —

In estimating the realization of future income tax assets, Management considers whether a portion or all future tax assets are more likely than not to be realized. Realization of future tax assets is subject to the generation of future taxable income.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

8. Future income taxes (continued)

As at November 30, 2009, the Company had available the following deductions, losses and credits:

	Federal	Provincial
Research and development expenses, without time limitation	$103,346	$115,686
Losses carried forward, until:		
2014	$ 9,603	$ —
2015	275	—
2027	7,638	7,628
2028	46,316	46,271
2029	21,785	18,802
	$ 85,617	$ 72,701
Unused tax credits expiring in:		
2023	$ 559	
2024	1,597	
2025	1,863	
2026	2,178	
2027	3,000	
2028	3,328	
2029	2,250	
	$ 14,775	

	Federal	Provincial
Share issue costs	$ 2,732	$ 2,732
Excess of tax value of intellectual property and patent fees over carrying value	45,735	45,718
Excess of tax value of property and equipment over carrying value	3,121	1,785

9. Commitments

A) RENTAL OF PREMISES

The Company rents premises under an operating lease (the “Lease”) expiring in April 2010. The Lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the Lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the Lease are as follows:

2010	$ 340
2011	55
2012	655
2013	655
2014	655
2015	273
Thereafter	3,943
	$ 6,576

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240 for the year beginning May 1, 2010 and will be increased by 2.5% annually for the duration of the Lease.

The lessor will provide the Company an amount of $728 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323 which will be cancelled April 30, 2010 under the terms of the Lease renewal, along with a first rank movable mortgage in the amount of $1,150 covering all the Company’s tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

B) LONG-TERM SUPPLY AGREEMENTS

During and after the year ended November 30, 2009, the Company entered into long-term procurement agreements with third-party suppliers in anticipation of the commercialization of tesamorelin. Some of these agreements stipulate an obligation to purchase minimum quantities of product, subject to certain conditions.

C) CREDIT FACILITY

The Company has a credit facility available in the amount of $1,800, bearing interest at prime plus 0.5% and secured by bonds. Under the credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000, the Company will provide the bank with a first rank movable hypothec of $1,850 on securities judged satisfactory by the bank.

As at November 30, 2009 and 2008, with the exception of the letter of credit mentioned in A) above, the credit facility available to the Company was not utilized.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

10. Licenses

In addition to the exclusively held products, the Company has certain exclusive licenses to market or commercialize intellectual property from research activities assigned to certain research institutions. Under these licenses, the Company is committed to pay royalties on the net sales of the products commercialized by the Company, or, if applicable, on the amounts received from sub-license, subject to the application of the clauses of such agreements.

11. Supplemental information

A) STATEMENT OF CASH FLOWS

The following transactions were conducted by the Company and did not impact cash flows:

	2009	2008 (Restated — note 2A))
Additions to property and equipment included in accounts payable and accrued liabilities	**$ 183**	$48
Share issue costs included in accounts payable and accrued liabilities	**—**	8

B) In 2009, the Company reclassified under net earnings an amount of $129 in realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income.

In 2008, the Company reclassified under net earnings an amount of $572 in realized losses on available-for-sale financial assets previously recorded in accumulated other comprehensive income. The realized loss includes an impairment loss of $578 related to a decline in value that is other than temporary for stock options held in a publicly-traded company.

On November 30, 2009, the accumulated other comprehensive income was composed of unrealized gains on available-for-sale financial assets of $1,282 (gain of $372 on November 30, 2008).

C) The Company received tax credits of $1,912 in 2009 ($1,746 in 2008).

D) The following items were included in the determination of the Company's net loss:

	2009	2008 (Restated — note 2A))
Amortization of property and equipment	**$ 612**	$ 625
Amortization and impairment of other assets (note 5)	**—**	4,957
Stock-based compensation	**899**	859

12. Capital disclosures

The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its research and development activities, general and administrative expenses, working capital and overall capital expenditures, including those associated with patents. The Company makes every attempt to manage its liquidity to minimize shareholder dilution.

To fund its activities, the Company has followed an approach that relies almost exclusively on the issuance of common equity, as well as proceeds and royalties from technologies following the closing of the transaction disclosed in note 7. Since inception, the Company has financed its liquidity needs primarily through public offerings of common shares and private placements. When possible, the Company tries to optimize its liquidity position by non-dilutive sources, including investment tax credits, grants, interest income as well as proceeds and royalties from technologies.

The Company's policy is to maintain a minimum level of debt. The Company has a line of credit of $1,800 for its short-term financing needs. As at November 30, 2009, this line of credit has not been used, with the exception of the letter of credit mentioned in note 9A).

The capital management objectives remain the same as for the previous fiscal year.

At November 30, 2009, cash and bonds amounted to $63,362 and tax credits receivable amounted to $1,666, for a total of $65,028. The Company believes that its cash position will be sufficient to finance its operations and capital needs for the next year.

The Company's general policy on dividends is to retain cash to keep funds available to finance the Company's growth.

The Company is not subject to any externally imposed capital requirements.

YEARS ENDED NOVEMBER 30, 2009 AND 2008 (in thousands of dollars, except per share amounts)

13. Financial risk management

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

A) CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in losses.

Financial instruments other than cash that potentially subject the Company to significant credit risk consist principally of bonds. The Company invests its available cash in fixed income instruments from governmental, paragovernmental and municipal bonds ($60,384 as at November 30, 2009) as well as from corporations with high credit ratings ($1,459 as at November 30, 2009). As at November 30, 2009, the Company was not exposed to any credit risk over the carrying amount of the bonds.

B) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 12. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors and/or the Audit Committee reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the ordinary course of business.

The Company has adopted an investment policy in respect of the safety and preservation of its capital to ensure the Company's liquidity needs are met.

The instruments are selected with regard to the expected timing of expenditures and prevailing interest rates. Bonds mature during the following fiscal years: $10,036 in 2010, $15,446 in 2011, $19,716 in 2012, $13,791 in 2013 and $2,854 in 2014.

The following are the contractual maturities of financial liabilities, as well as the payments required under the terms of the operating lease, as at November 30, 2009:

	Total	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 5,901	$ 5,901	$ 5,901	$ —	$ —
Operating lease	6,576	—	340	2,020	4,216
	$ 12,477	$ 5,901	$ 6,241	$ 2,020	$ 4,216

13. Financial risk management (continued)

C) FOREIGN CURRENCY RISK

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates and the degree of volatility of those rates. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar, primarily revenues from royalties, technologies and other expenses for research and development incurred in US dollars, euros and pounds sterling ("GBP"). The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The Company manages foreign exchange risk by maintaining US cash on hand to support US forecasted cash outflows for a maximum 12-month period. The Company does not currently view its exposure to the euro and GBP as a significant foreign exchange risk due to the limited volume of transactions conducted by the Company in these currencies.

Exchange rate fluctuations for foreign currency transactions can cause cash flow as well as amounts recorded in the consolidated statement of earnings to vary from period to period and not necessarily correspond to those forecasted in operating budgets and projections. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each balance sheet date, the impact of which is reported as foreign exchange gain or loss in the consolidated statement of earnings. Given the Company's policy on the management of foreign currencies, a sudden change in foreign exchange rates would not impair or enhance its ability to pay its US dollar denominated obligations.

The following table provides significant items exposed to foreign exchange as at November 30, 2009:

			November 30, 2009
(in thousands of Canadian dollars)	US$	EURO	GBP
Cash	**1,471**	**—**	**—**
Accounts receivable	**—**	**4**	**—**
Accounts payable and accrued liabilities	**(1,095)**	**—**	**(25)**
Balance sheet's elements exposed to foreign currency risk	**376**	**4**	**(25)**

The following exchange rates applied during the year ended November 30, 2009:

	Average rate November 30, 2009	Reporting date rate November 30, 2009
US$ — CAD $	**1.0594**	**1.0556**
EUR — CAD$	**1.5808**	**1.5852**
GBP — CAD$	**1.7597**	**1.7366**

Based on the Company's foreign currency exposures noted above, varying the above foreign exchange rates to reflect a 5% strengthening of the Canadian dollar would have increased the net loss as follows, assuming that all other variables remained constant:

(in thousands of Canadian dollars)	US$	EURO	GBP
Increased in net loss	**19**	**—**	**(1)**

An assumed 5% weakening of the Canadian dollar would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

13. Financial risk management (continued)

D) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Short-term bonds of the Company are invested at fixed interest rates and mature in the short-term. Long-term bonds are also instruments that bear interest at fixed rates. The risk that the Company will realize a loss as a result of a decline in the fair value of its bonds is limited because these investments, although they are available for sale, are generally held to maturity. The unrealized gains or losses on bonds are recorded in the accumulated other comprehensive income (loss).

Based on the value of the Company's short and long-term bonds at November 30, 2009, an assumed 0.5% decrease in market interest rates would have increased the fair value of these bonds and the accumulated other comprehensive loss by $620; an assumed increase in interest rate of 0.5% would have an equal but opposite effect, assuming that all other variables remained constant.

Cash bears interest at a variable rate. Accounts receivable, accounts payable and accrued liabilities bear no interest.

Based on the value of variable interest-bearing cash during the year ended November 30, 2009 ($5,800), an assumed 0.5% increase in interest rates during such period would have increased the future cash flow and decreased the net loss by $29; an assumed decrease of 0.5% would have had an equal but opposite effect.

14. Financial instruments

A) CARRYING VALUE AND FAIR VALUE

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

B) INTEREST INCOME AND EXPENSES

Interest income consists of interest earned on cash and bonds.

C) LOSS ON EXCHANGE

General and administrative expenses include a loss on foreign exchange of $635 for the year ended November 30, 2009 (loss of $247 in 2008).

15. Subsequent events

A) SHAREHOLDER RIGHTS PLAN

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the “Plan”), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the “Common Shares”). The Plan, if approved by the shareholders, will expire at the close of the Company’s annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the “Permitted Bid” provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

B) GRANTING OF STOCK OPTIONS

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

16. Comparative figures

Certain of the 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD ENDED FEBRUARY 28, 2011

The following Management's Discussion and Analysis ("MD&A") provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. for the three-month period ended February 28, 2011, as compared to the three-month period ended February 28, 2010. Unless otherwise indicated or unless the context requires otherwise, all references in this MD&A to "Theratechnologies", the "Company", the "Corporation", "we", "us", "our" or similar terms refer to Theratechnologies Inc. and its consolidated subsidiaries. This view contains information that we believe may affect our prospective financial condition, cash flows and results of operations. The unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should be read in conjunction with our unaudited interim consolidated financial statements and the notes thereto as at February 28, 2011, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2010. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. We are leveraging our expertise in the field of metabolism to discover and develop products in specialty markets. Our commercialization strategy is to retain all or a significant portion of the commercial rights to our products.

Our first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration (FDA) in November 2010 and is, to date, the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA*® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008.

During the first quarter of 2011, we concluded two distribution and licensing agreements for *EGRIFTA*® outside of the United States. We signed a distribution and licensing agreement with a subsidiary of Sanofi-aventis (collectively, "Sanofi"), on December 6, 2010, granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East, and with Ferrer Internacional S.A. ("Ferrer"), on February 3, 2011, granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

On February 22, 2011, we announced a new clinical program evaluating tesamorelin in muscle wasting associated with chronic obstructive pulmonary disease ("COPD"). The Phase 2 study will evaluate two different doses using a new formulation and we expect the first patient to be enrolled in the fall of 2011.

In addition, we announced the filing of a preliminary prospectus in order to raise funds with the intention of listing our common shares on the NASDAQ stock exchange in the United States. The offering was subsequently withdrawn due to an offering price that was not acceptable to us.

Following the FDA approval of *EGRIFTA*® on November 10, 2010, our third-party suppliers increased manufacturing activities in order to support the sales of *EGRIFTA*® in the United States by EMD Serono. EMD Serono launched *EGRIFTA*® on January 10, 2011 and we will start receiving royalties from sales in the United States in the second quarter of this year.

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Our principal objectives are: to maximize the global commercial value of *EGRIFTA®* by working closely with our partners in order to submit regulatory filings in Europe and selected Latin American markets in the second and third quarters, to launch a Phase 2 clinical program evaluating the potential of tesamorelin for the treatment of muscle wasting associated with COPD, and to solidify our position as a leader in the field of novel GRF products.

Revenues

Consolidated revenues for the three-month period ended February 28, 2011 amounted to $3,518,000, compared to $1,717,000 for the same period in 2010, an increase of 104.9%. The higher revenues in 2011 include $1,798,000 revenues generated from the sales of *EGRIFTA®* to EMD Serono. The first product shipment of *EGRIFTA®* took place in December 2010, shortly after its FDA approval as the first treatment in the United States for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

We will receive royalties on sales of *EGRIFTA®* in the United States by EMD Serono beginning in the second quarter of fiscal 2011 upon receipt and confirmation of the sales report relating to the previous quarter.

Revenues for the first quarter of 2011 are also associated with the amortization of the initial payment of $27,097,000 received upon the closing of the agreement with EMD Serono. For the three-month period ended February 28, 2011, an amount of $1,711,000 ($1,711,000 for the same period in 2010) was recognized as revenue related to this transaction. At February 28, 2011, the deferred revenues related to this transaction recorded on the balance sheet amounted to $11,981,000.

Cost of Sales

For the first quarter of 2011, the cost of sales of *EGRIFTA®* totaled $2,595,000. Cost of sales exceeded sales revenue principally due to raw materials purchased prior to negotiating our current long-term procurement agreements, an inventory write-down of $375,000 related to an unfavorable foreign currency difference and costs associated with validating a second *EGRIFTA®* supplier. There were no costs related to the production of *EGRIFTA®* in the first quarter of 2010, as we only began producing inventories through our third-party suppliers during the second half of 2010, in anticipation of the launch of *EGRIFTA®* in the United States.

R&D Activities

Research and development (“R&D”) expenses, net of tax credits, totaled $2,993,000 for the first quarter of 2011, compared to $4,123,000 for the same period in 2010, a decrease of 27.4%. The R&D expenses incurred in the first quarter are related to the preparation for the Phase 2 clinical trial evaluating tesamorelin in muscle wasting associated with COPD, to the work on a new formulation and a new presentation of *EGRIFTA®*, as well as to the development of novel growth hormone releasing factor peptides. R&D expenses also include all regulatory, manufacturing and clinical activities to support our three commercial partners, as well as follow up on the post-approval commitments. The R&D expenses incurred in the first quarter of 2010 were mainly related to the regulatory activities connected with the preparation for the FDA Advisory Committee meeting which took place on May 26, 2010.

Selling and Market Development Expenses

Selling and market development expenses amounted to $477,000 for the first quarter of 2011, compared to $620,000 for the same period in 2010, a decrease of 23.1%. The decrease is principally due first-quarter signings of distribution and licensing agreements with Sanofi and Ferrer which transferred responsibility for all marketing expenses to the licensees. Selling and market development expenses continue to include activities associated with the management of the agreements with our three partners.

General and Administrative Expenses

For the first quarter of 2011, general and administrative expenses amounted to $3,215,000, compared to $1,745,000 for the same period in 2010. The higher expenses were principally due to costs associated with the change in leadership of the Company, many of which were entirely expensed in the first quarter of 2011. Additional expenses were also incurred in relation to deferred stock units granted to the members of the Board of Directors during the first quarter. Although the deferred stock units replace a part of their annual compensation, the deferred stock units were entirely expensed in the three-month period.

Net Financial Charges

Interest revenues for the first quarter 2011 amounted to $372,000 compared to $578,000 for the same period in 2010. Lower interest revenues for 2011 were due to a lower yield on the portfolio during the period.

As at November 30, 2010, the foreign currency difference arising from the conversion of the US$25,000,000 milestone payment from EMD Serono into the functional currency of the Company resulted in a net foreign exchange gain of $635,000 as of November 30, 2010. However, in the first quarter, when this amount was converted to Canadian dollars, a foreign exchange loss of $550,000 was incurred. The foreign exchange loss for the same period in 2010 was $44,000.

Net Results

Taking into account the revenues and expenses described above, we recorded a first quarter net loss of $5,932,000, or $0.10 per share, compared to a net loss of $4,241,000, or $0.07 per share for the same period in 2010.

Financial Position

At February 28, 2011, liquidities, which include cash and bonds, amounted to $55,842,000, and tax credits and grants receivable amounted to $485,000, for a total of $56,327,000.

Taking into account the revenues and expenses described above, for the three-month period ended February 28, 2011, use of cash from operating activities, was $7,764,000, compared to f $7,676,000 for the same period in 2010. Use of cash includes changes in trade and other receivables, related to product sales to EMD Serono.

Quarterly Financial Information

The following table is a summary of our unaudited consolidated operating results presented in accordance with IFRS for the last eight quarters.

(in thousands of Canadian dollars, except per share amounts)

	2011				2010			2009
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 3,518**	$ 26,717	$ 1,717	$ 1,717	$ 1,717	$ 1,718	$ 12,601	$ 1,717
Net (loss) profit	**$ (5,932)**	$ 21,299	$ (3,357)	$ (4,771)	$ (4,241)	$ (4,654)	$ 5,779	$ (5,454)
Basic and diluted (loss) earnings per share	**$ (0.10)**	$ 0.35	$ (0.06)	$ (0.08)	$ (0.07)	$ (0.08)	$ 0.10	$ (0.09)

As described above, the higher revenues in 2011 include $1,798,000 of revenues generated from the sales of *EGRIFTA*® to EMD Serono. The higher revenue in the fourth quarter of 2010 is related to the receipt from EMD Serono of a milestone payment of $25,000,000 following marketing approval of *EGRIFTA*® by the FDA. The higher revenue in the third quarter of 2009 is related to the milestone payment of $10,884,000 received from EMD Serono following the FDA's granting acceptance to file our New Drug Application for *EGRIFTA*®.

Subsequent Events

On March 8, 2011, the Board of Directors decided not to pursue our public offering in Canada and the United States due to an expected offering price which was not acceptable. We had previously announced our intention to proceed to an initial public offering in the United States on February 22, 2011, with the filing of a preliminary short form base prospectus. The decision to withdraw the offering does not affect the corporate strategy, as we intend to pursue our business plan with our existing financial resources. The costs associated with the withdrawn public offering amount to approximately $2,000,000, and were not included in the forecasted expenses previously disclosed for 2011.

Between March 1, 2011 and April 11, 2011, 284,168 options were exercised at a weighted exercise average price of $1.92 per share for a cash consideration of $545,000.

Upcoming changes in accounting policies

(a) Amendments to existing standards:

Annual improvements to IFRS:

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010 which are applicable for annual periods beginning on or after January 1, 2011 (with partial adoption permitted) are included under the specific revisions to standards discussed below.

(i) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

(ii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iii) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

The 2008 revisions to this standard resulted in consequential amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* , IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

(iv) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to us:

(i) IFRS 9 Financial instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value
- prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

Outstanding Share Data

On April 11, 2011, the number of shares issued and outstanding was 60,799,932 while outstanding options granted under the stock option plan were 2,754,803.

Contractual Obligations

Except as described herein, 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 our 2010 Annual Report.

Forward-Looking Information

This MD&A for the first quarter 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 preparation and filing of applications seeking regulatory approval of *EGRIFTA*® in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in various territories outside of the United States, the revenue to be generated as a result of sales of *EGRIFTA*® to EMD Serono and the receipt of royalties from EMD Serono in connection with the sale of *EGRIFTA*® in the United States. 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 future and conditional tenses 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 risk that *EGRIFTA*® is not approved in all or some of the territories referred to in this MD&A, the revenue and royalties we expect to generate from sales of *EGRIFTA*® are lower than anticipated, the supply of *EGRIFTA*® to our commercial partners is delayed or suspended as a result of problems with our suppliers, *EGRIFTA*® is withdrawn from the market as a result of defects or recalls, our intellectual property is not adequately protected and our liquidity level decreases based on unexpected activities that must be carried out in order to achieve our business plan.

Although the forward-looking information contained in this MD&A 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 *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approvals in the territories referred to in this MD&A, no additional clinical studies will be required to obtain these regulatory approvals, *EGRIFTA*® will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payers, relations with third-party suppliers of *EGRIFTA*® will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply *EGRIFTA*® to meet its demand and will manufacture on a timely-basis and that the Company's business plan will not be substantially modified.

Consequently, the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of this MD&A.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form, dated February 22, 2011, for the year ended November 30, 2010. This MD&A is dated April 12, 2011, and has been approved by the Audit Committee.

Exhibit 99.10

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2011 and 2010

THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2011 and 2010

Financial Statements

THERATECHNOLOGIES INC.
Consolidated Statement of Financial Position
(Unaudited)

As at February 28, 2011, November 30, 2010
(in thousands of Canadian dollars)

	Note	February 28, 2011	November 30, 2010
		$	$
Assets			
Current assets:			
Cash		532	26,649
Bonds		9,605	1,860
Trade and other receivables	6	1,393	161
Tax credits and grants receivable		485	332
Inventories	7	4,614	4,317
Prepaid expenses		909	1,231
Derivative financial assets	9 a)	721	—
Total current assets		18,259	34,550
Non-current assets:			
Bonds		45,705	36,041
Property and equipment		1,012	1,060
Total non-current assets		46,717	37,101
Total assets		64,976	71,651
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities		5,026	4,977
Current portion of deferred revenue	5	6,846	6,847
Total current liabilities		11,872	11,824
Non-current liabilities:			
Other liabilities	8	1,153	325
Deferred revenue	5	5,135	6,846
Total non-current liabilities		6,288	7,171
Total liabilities		18,160	18,995
Equity			
Share capital		279,407	279,398
Contributed surplus		8,231	7,808
Deficit		(241,048)	(235,116)
Accumulated other comprehensive income		226	566
Total equity		46,816	52,656
Contingent liability	11		
Subsequent events	12		
Total liabilities and equity		64,976	71,651

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Comprehensive Income
(Unaudited)

Three-month periods ended February 28, 2011 and 2010
(in thousands of Canadian dollars, except per share amounts)

	Note	2011	2010
		$	$ (Restated - note 2 (a))
Revenue:			
Sale of goods		1,798	—
Research services:			
Upfront payments and initial technology access fees	5	1,711	1,711
Royalties and license fees		9	6
Total revenue		3,518	1,717
Cost of sales		2,595	—
Research and development expenses, net of tax credits of $153 (2010 - $168)		2,993	4,123
Selling and market development expenses		477	620
General and administrative expenses		3,215	1,745
Total operating expenses		9,280	6,488
Results from operating activities		(5,762)	(4,771)
Finance income		372	578
Finance costs		(577)	(48)
Total (finance costs) net finance income		(205)	530
Net loss before income taxes		(5,967)	(4,241)
Tax recovery		35	—
Net loss		(5,932)	(4,241)
Other comprehensive loss, net of tax:			
Net change in fair value available-for-sale financial assets, net of tax		(324)	3
Net change in fair value available-for-sale financial assets transferred to net loss, net of tax		(16)	(100)
		(340)	(97)
Total comprehensive loss for the period		(6,272)	(4,338)
Basic and diluted loss per share	9(c)	(0.10)	(0.07)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity
(Unaudited)

Three-month period ended February 28, 2011
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2010		60,512,764	279,398	7,808	566	(235,116)	52,656
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(5,932)	(5,932)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	(324)	—	(324)
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(16)	—	(16)
Total comprehensive loss for the period		—	—	—	(340)	(5,932)	(6,272)
Transactions with owners, recorded directly in equity:							
Share-based compensation plan:							
Share-based compensation for stock option plan	9(b)	—	—	427	—	—	427
Exercise of stock options:							
Monetary consideration	9(b)	3,000	5	—	—	—	5
Attributed value	9(b)	—	4	(4)	—	—	—
Total contributions by owners		3,000	9	423	—	—	432
Balance as at February 28, 2011		60,515,764	279,407	8,231	226	(241,048)	46,816

(i) Accumulated other comprehensive income.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity, Continued
(Unaudited)

Three-month period ended February 28, 2010
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$ (Restated - note 2 (a))
Balance as at November 30, 2009		60,429,393	279,169	6,757	1,282	(244,160)	43,048
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(4,241)	(4,241)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	3	—	3
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(100)	—	(100)
Total comprehensive loss for the period		—	—	—	(97)	(4,241)	(4,338)
Transactions with owners, recorded directly in equity:							
Share-based compensation plan:							
Share-based compensation for stock option plan		—	—	233	—	—	233
Exercise of stock options:							
Monetary consideration		21,164	38	—	—	—	38
Attributed value		—	23	(23)	—	—	—
Total contributions by owners		21,164	61	210	—	—	271
Balance as at February 28, 2010		60,450,557	279,230	6,967	1,185	(248,401)	38,981

(i) Accumulated other comprehensive income.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Cash Flows
(Unaudited)

Three-month periods ended February 28, 2011 and 2010
(in thousands of Canadian dollars)

	Note	2011	2010
		$	$ (Restated - note 2 (a))
Operating activities:			
Net loss		(5,932)	(4,241)
Adjustments for:			
Depreciation of property and equipment		67	147
Share-based compensation		921	233
Write-down of inventories	7	375	—
Lease inducements and amortization		126	—
Change in fair value of derivative financial assets	9(a)	116	—
Change in fair value of liability related to the deferred stock unit plan	9(a)	(93)	—
Tax recovery		(35)	—
Operating activities before changes in operating assets and liabilities		(4,455)	(3,861)
Change in accrued interest income on bonds		(234)	163
Change in trade and other receivables		(1,232)	94
Change in tax credits and grants receivable		(153)	165
Change in inventories		(672)	(26)
Change in prepaid expenses		322	(395)
Change in accounts payable and accrued liabilities		372	(2,113)
Change in deferred revenue		(1,712)	(1,703)
		(3,309)	(3,815)
Cash flows used in operating activities		(7,764)	(7,676)
Financing activities:			
Proceeds from exercise of stock options		5	38
Cash flows from financing activities		5	38
Investing activities:			
Acquisition of property and equipment		(41)	(175)
Proceeds from sale of bonds		8,579	9,626
Acquisition of bonds		(26,059)	—
Acquisition of derivative financial assets	9(a)	(837)	—
Cash flows (used in) from investing activities		(18,358)	9,451
Net change in cash		(26,117)	1,813
Cash as at December 1		26,649	1,519
Cash as at February 28		532	3,332

See note 10 for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Reporting entity:

Theratechnologies Inc. is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products with an emphasis on growth hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration ("FDA'') in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company'' and individually as "the subsidiaries of the Company'').

Theratechnologies Inc. is governed by the *Business Corporations Act* (Québec) and is domiciled in Québec, Canada. The Company is located at 2310 boul. Alfred-Nobel, Montréal, Québec, H4S 2B4.

2. Basis of preparation:

(a) Accounting framework:

These unaudited consolidated interim financial statements (“interim financial statements”), including comparative figures, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as prescribed by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34 — *Interim Financial Reporting* (“IAS 34”).

Certain information, in particular the accompanying notes normally included in the annual financial statements prepared in accordance with IFRS have been omitted or condensed. These interim financial statements do not include all disclosures required under IFRS and accordingly should be read in conjunction with the annual financial statements for the year ended November 30, 2010 and the notes thereto. These interim financial statements have not been reviewed by the Company’s auditors.

The interim financial statements of the Company for the three-month period ended February 28, 2010 were restated to reflect changes related to the Company’s adoption of IFRS. In the fourth quarter of 2010, the Company filed a request to adopt IFRS two years in advance of the date required for canadian public companies. The request was approved by the Canadian Securities authorities. The Company filed restated interim financial statements to comply with this approval.

2. Basis of preparation (continued):

(b) Summary of accounting policies:

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at November 30, 2010 except as noted below:

Effective December 1, 2010, The Company adopted a new accounting standard, IFRS 8 *Operating Segments,* that was issued by the IASB. IFRS 8 was revised and now requires disclosure of information about segment assets. This accounting policy change was adopted on a prospective basis with no restatement of prior period financial statements and had no impact on the Company's operating segments disclosure.

Other new or amended accounting standards also had no impact on the Company's accounting methods.

(c) Basis of measurement:

The Company's consolidated financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets and derivative financial assets which are measured at fair value.

(d) Use of estimates and judgements:

The preparation of the Company's interim financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements relate to the timing of revenue recognition, the valuation of share-based compensation; the realizability of deferred tax assets, and the recognition and measurement of contingent liabilities.

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and the capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued):

The above estimates and assumptions are reviewed regularly. All revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Functional and presentation currency:

These interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

3. Significant accounting policies:

Derivative financial instruments

Derivative financial instruments are recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. The changes in the fair value of derivatives are recognized in the statement of comprehensive income.

4. Upcoming changes in accounting policies:

(a) Amendments to existing standards:

Annual improvements to IFRS:

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010 which are applicable for annual period beginning on or after January 1, 2011 with partial adoption permitted are included under the specific revisions to standards discussed below.

(i) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

4. Upcoming changes in accounting policies (continued):

(a) Amendments to existing standards (continued):

Annual improvements to IFRS (continued):

(ii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iii) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

The 2008 revisions to this standard resulted in consequential amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* , IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

(iv) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IFRS 9 Financial instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

4. Upcoming changes in accounting policies (continued):

(a) Amendments to existing standards (continued):

Annual improvements to IFRS (continued):

(i) IFRS 9 Financial instruments (continued):

As part of the project to replace IAS 39, *Financial Instruments: Recognition and Measurement*, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value
- prescribes that classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

5. Revenue and deferred revenue:

a) EMD Serono Inc.

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of *EGRIFTA*® in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product").

Under the terms of the agreement, the Company is responsible for the development of the Initial Product up to obtaining marketing approval in the United States, which was obtained on November 10, 2010. The Company is also responsible for production and for the development of a new formulation of the initial product. EMD Serono is responsible for conducting product commercialization activities.

5. Revenue and deferred revenue (continued):

a) EMD Serono Inc. (continued)

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which included an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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 *EGRIFTA*® in the United States, if applicable.

The initial payment of $27,097 has been deferred and is being amortized on a straight-line basis over the estimated period for developing a new formulation of the Initial Product. This period may be modified in the future based on additional information that may be received by the Company. For the three-month period ended February 28, 2011, an amount of $1,711 (2010 — $1,711) was recognized as revenue. As at February 28, 2011, the deferred revenue related to this transaction amounted to $11,981 (November 30, 2010 — $13,692).

The Company may conduct research and development for additional indications. Under the collaboration and licensing agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to an agreement with EMD Serono, to participate in the promotion of the additional indications.

b) Sanofi-aventis

On December 6, 2010, the Company announced the signing of a distribution and licensing agreement with Sanofi-aventis (“Sanofi’’), covering the commercial rights for *EGRIFTA*® in Latin America, Africa, and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

5. Revenue and deferred revenue (continued):

b) Sanofi-aventis (continued)

Under the terms of the agreement, the Company will sell *EGRIFTA®* to Sanofi at a transfer price equal to the higher of a percentage of Sanofi's net selling price and a predetermined floor price. The Company has retained all future development rights to *EGRIFTA®* and will be responsible for conducting research and development for any additional clinical programs. Sanofi will be responsible for conducting all regulatory activities for *EGRIFTA®* in the aforementioned territories, including applications for approval in the different countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company also granted Sanofi an option to commercialize tesamorelin for other indications in the territories mentioned above. If such option is not exercised, or is declined, by Sanofi, the Company may commercialize tesamorelin for such indications on its own or with a third party.

c) Ferrer Internacional S.A.

On February 3, 2011, the Company entered into a distribution and licensing agreement with Ferrer Internacional S.A. ("Ferrer'') covering the commercial rights for *EGRIFTA®* for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Under the terms of the Agreement, the Company will sell *EGRIFTA®* to Ferrer at a transfer price equal to the higher of a significant percentage of the Ferrer's net selling price and a predetermined floor price. The Company has retained all development rights to *EGRIFTA®* for other indications and will be responsible for conducting research and development for any additional programs. Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with *EGRIFTA®* for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories mentioned above. The Company will be responsible for the manufacture and supply of *EGRIFTA®* to Ferrer. The Company has the option to co-promote EGRIFTA® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Ferrer has the option to enter into a co-development and commercialization agreement using tesamorelin relating to any such new indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development.

(in thousands of Canadian dollars, except per share amounts)

6. Trade and other receivables:

	February 28, 2011	November 30, 2010
	$	$
Trade receivables	1,342	6
Sales tax receivable	28	100
Loans granted to employees under the share purchase plan	14	25
Loans granted to related parties under the share purchase plan	—	22
Other receivables	9	8
	1,393	161

7. Inventories:

As at February 28, 2011, $109 of raw materials, $132 of work in progress and $134 of finished products were written down to their net realizable value (2010 — nil). Consequently, a write-down of $375 was recorded to cost of sales in 2011 (2010 — nil).

8. Other liabilities

	Note	February 28, 2011	November 30, 2010
		$	$
Deferred lease inducements		451	325
Liability related to the deferred stock unit plan	9 (a)	702	—
		1,153	325

9. Share capital:

(a) Deferred stock unit plan:

On December 10, 2010, the Board of Directors adopted a deferred stock unit plan (the "DSU Plan") for the benefit of its directors and officers (the "Beneficiaries"). The goal of the DSU Plan is to increase the Company's ability to attract and retain high-quality individuals to act as directors or officers and better align their interests with those of the shareholders of the Company in the creation of long-term value. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors in deferred stock units ("DSU"). In addition to his annual retainer, the Chairman of the Board is also entitled to elect to receive all or part of his annual retainer in DSU. Beneficiaries who act as officers are entitled to elect to receive all or part of their annual bonus, if any, in DSU. The value of a DSU (the "DSU Value") is equal to the average closing price of the common shares on The Toronto Stock Exchange on the date on which a Beneficiary determines that he desires to receive or redeem DSU and during the four (4) previous trading days. Beneficiaries who act as directors must elect to receive DSU before December 23 of a calendar year for the ensuing calendar year whereas Beneficiaries who act as officers must make that election within 48 hours after having been notified of their annual bonus. For the purposes of granting DSU, the DSU Value for directors is determined as at December 31 of a calendar year and the DSU Value for officers is determined on the second business day after they have been notified of their annual bonus.

DSU may only be redeemed when a Beneficiary ceases to act as a director or an officer of the Company. Upon redemption, the Company must provide a Beneficiary with an amount in cash equal to the DSU Value on the Redemption Date. Beneficiaries may not sell, transfer or otherwise assign their DSU or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions.

The DSU are totally vested at the grant date. In the case of the DSU granted to officers for annual bonuses, a DSU liability is recorded at the grant date in place of the liability for the bonuses payments. In the case of the directors, the expense related to DSU and their liabilities are recognized at the grant date. During the quarter $494 (2010 - nil) was recorded as an expense and is included in general and administrative expenses. The liability is adjusted periodically to reflect any change in market value of common shares. During the three-month period ended February 28, 2011, a gain of $93 due to the change in the fair value of the liability related to the DSU was recognized. As at February 28, 2011, the Company has a total of 145 658 DSU outstanding (2010 — nil) and a liability related to the DSU of $702 (2010 — nil) recognised in other non-current liabilities. There were no stock units that were redeemed.

(in thousands of Canadian dollars, except per share amounts)

9. Share capital (continued):

(a) Deferred stock unit plan (continued):

To protect against fluctuations in the value of the DSU's, the Company signed two futures stock contracts in the first quarter of 2011. The Company paid $837 as advance payments on the contracts, $580 for the first and $257 for the second, these amounts correspond to 146 875 common shares of the Company at a price of $5.69 and $5.72 respectively. The contracts expire in December 2011. They were not designated as hedging instruments for accounting purposes. Changes in fair value of these contracts are, therefore, included in gain (loss) on financial instruments carried at fair value in the period in which they occur. During the three-month period ended February 28, 2011, a loss of $116 related to the change in the fair value of derivative financial assets was recognized. As at February 28, 2011, the fair value of future stock contracts was $721 (2010 — nil) and is recorded in derivative financial assets.

(b) Stock option plan:

The risk-free interest rate is based on the implied yield on a Canadian Government zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected life of the option. The life of the options is estimated considering the vesting period at the grant date, the life of the option and the average length of time of similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation, since it is the present policy of the Company to retain in all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the periods ended February 28, 2011 and 2010:

	Number of options	Weighted average grant-date fair value
		$
2011	250,000	4.08
2010	265,000	2.90

(in thousands of Canadian dollars, except per share amounts)

9. Share capital (continued):

(b) Stock option plan (continued):

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2010 and the three-month period ended February 28, 2011 were as follows:

	Options	Weighted average exercise price per option
		$
Options at November 30, 2009	2,665,800	5.20
Granted	335,000	4.03
Expired	(32,500)	11.15
Forfeited	(38,671)	3.61
Exercised	(80,491)	1.66
Options at November 30, 2010	2,849,138	5.12
Granted	250,000	5.65
Expired	(18,000)	15.30
Forfeited	(39,167)	3.96
Exercised	(3,000)	1.80
Options at February 28, 2011	3,038,971	5.12

(in thousands of Canadian dollars, except per share amounts)

9. Share capital (continued):

(b) Stock option plan (continued):

The fair value of the options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	February 28, 2011	February 28, 2010
Risk-free interest rate	2.72%	2.46%
Volatility	74.46%	81%
Average option life in years	7.5	7.5
Dividend yield	Nil	Nil
Grant-date share price	$ 5.65	$ 3.84
Option exercise price	$ 5.65	$ 3.84

(c) Earnings per share:

The calculation of basic earnings per share at February 28, 2011 was based on the net loss attributable to common shareholders of the Company of $5,932 (2010 — $4,241), and a weighted average number of common shares outstanding of 60,514,420 (2010 — 60,438,098). The weighted average number of common shares is calculated as follows:

	February 28, 2011	February 28, 2010
Issued common shares at December 1	60,512,764	60,429,393
Effect of share options exercised	1,656	8,705
Weighted average number of common shares at February 28	60,514,420	60,438,098

At February 28, 2011, 1,324,832 options (2010 — 1,157,166) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

(in thousands of Canadian dollars, except per share amounts)

10. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	February 28, 2011	February 28, 2010
	$	$
Additions to property and equipment included in accounts payable and accrued liabilities	43	135
DSU issue related to bonus included in accounts payable and accrued liabilities	301	—

In addition, interest received totaled $122 (2010 — $641).

11. Contingent liability:

On July 26, 2010, the Company received a motion of authorization to institute a class action lawsuit against the Company, a director and a former executive officer (the “Motion”). This Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose certain alleged adverse effects relating to the administration of *EGRIFTA®*. The Company is of the view that the allegations contained in the Motion are entirely without merit and intends to take all appropriate actions to vigorously defend its position.

The Motion had not yet been heard by the Superior Court of Quebec.

The Company has subscribed to insurance covering its potential liability and the potential liability of its directors and officers in the performance of their duties for the Company subject to a $200 deductible.

12. Subsequent events:

On March 8, 2011, the Board of Directors decided not to pursue our public offering in Canada and the United States, the expected offering price was not acceptable. The Company had previously announced its intention to proceed to an initial public offering in the United States on February 22, 2011, with the filing of a preliminary short form base prospectus. The decision to withdraw the offering does not affect the Company's strategy, because it intends to pursue its business plan with existing financial resources. The costs associated with the withdrawn public offering amount to approximately $2,000.

Between March 1, 2011 and April 11, 2011, 284,168 options were exercised at a weighted exercise average price of $1.92 per share for a cash consideration of 545 $.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED AUGUST 31, 2010

The following Management's Discussion and Analysis ("MD&A") provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), for the three-month and nine-month periods ended August 31, 2010, as compared to the three-month and nine-month periods ended August 31, 2009. This view contains information that the Company believes may affect its prospective financial condition, cash flows and results of operations. The unaudited interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto as at August 31, 2010, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2009. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The Company's growth strategy is centered upon the development of tesamorelin. In late 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, Darmstadt, Germany, for the exclusive commercialization rights to tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. The principal strategic objective of Theratechnologies is to obtain regulatory approval for tesamorelin in the United States in this indication and good progress was made by participating in the U.S. Food and Drug Administration ("FDA" or the "Agency") Endocrinologic and Metabolic Drugs Advisory Committee. On May 27, 2010, the Committee recommended by a 16 to 0 unanimous vote that tesamorelin be granted marketing approval by the FDA for this indication. Although advisory committees provide their recommendations, the decision on marketing approval is made by the Agency. Theratechnologies expects a final decision from the Agency on the approval of tesamorelin in the United States during the fourth quarter 2010. Should tesamorelin be approved, the Company expects to receive regulatory milestone payments, royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the United States.

Concurrent with advancing the regulatory process, Theratechnologies has begun building inventory in preparation for the launch of tesamorelin in the United States by EMD Serono, upon its approval by the FDA. In the coming months, the Company will continue building inventory.

In light of a lower expense level and cost control measures, the Company anticipates that the adjusted burn rate for 2010 will be between $22,000,000 and $23,000,000, and thus will be less than the initially forecasted adjusted burn rate of $24,000,000.

Revenues

Consolidated revenues for the three-month period ended August 31, 2010, amounted to $2,152,000, compared to $13,148,000 for 2009. For the nine-month period ended August 31, 2010, consolidated revenues were $6,673,000, compared to $17,474,000 for the same period in 2009. The higher revenues in 2009 are due to the receipt in the third quarter of a milestone payment of $10,884,000 associated with the FDA's agreement to review the New Drug Application ("NDA") for tesamorelin, pursuant to the collaboration and licensing agreement with EMD Serono.

The initial payment received upon the closing of the agreement with EMD Serono of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information. For the three-month period ended August 31, 2010, an amount of $1,711,000 ($1,712,000 for the same period in 2009) was recognized as revenue related to this transaction, while an amount of $5,134,000 was recognized as revenue related to this transaction for the nine-month period ($4,849,000 for the same period in 2009). At August 31, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $15,403,000.

R&D Activities

Research and development ("R&D") expenses, before tax credits, totaled $2,930,000 for the third quarter of 2010, compared to $5,681,000 in 2009. For the nine-month period ended August 31, 2010, R&D expenses were $11,298,000 compared to $17,692,000 for the same period in 2009, a decrease of 36.1%. The R&D expenses incurred in the third quarter of 2010 are mainly related to the pursuit of the regulatory filing for tesamorelin with the FDA. The expenses incurred in the third quarter of 2009, in addition to expenses related to the pursuit of the regulatory filing described above, included a non-recurring charge of $1,395,000 related to a write-down of research supplies produced in order to obtain stability data and to validate the manufacturing process for commercial purposes, as required by the FDA. The expenses incurred in the nine-month period ended August 31, 2009, also included costs associated with completing the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy.

Other Expenses

For the third quarter of 2010, general and administrative expenses amounted to $2,225,000, compared to $1,337,000 for the same period in 2009. For the nine-month period ended August 31, 2010, general and administrative expenses amounted to $6,083,000, compared to $5,515,000 for the same period in 2009. The higher expenses in the third quarter of 2010 are principally due to professional fees associated with the recruitment of the new President and Chief Executive Officer, variations in stock-based compensation expenses, and foreign exchange rate fluctuations. The higher expenses in the nine-month period are principally due to heightened communication activities related to the FDA Advisory Committee meeting as well as an increase in other administrative expenses partially offset by a reduction in the loss on foreign exchange. The expenses for the nine-month period ending August 31, 2009, include the costs associated with revising the Company's business plan.

For the third quarter of 2010, the cost of sales, an amount related to the production of tesamorelin, totaled $120,000. There were no costs related to the production of tesamorelin for the corresponding period in 2009.

Selling and market development expenses amounted to $521,000 for the third quarter of 2010, compared to $495,000 for the same period in 2009. For the nine-month period ended August 31, 2010, selling and market development expenses amounted to $1,901,000, compared to $1,516,000 for the same period in 2009. The increase in the selling and market development expenses is principally due to business development and market research studies for countries other than the United States. These expenses also include activities associated with the management of the agreement with EMD Serono.

Net Results

Taking into account the revenues and expenses described above, the Company recorded a third quarter net loss of $3,277,000, representing $0.05 per share, compared to a net earning of $5,824,000, representing $0.10 per share for the same period in 2009. For the nine-month period ended August 31, 2010, the net loss was $12,367,000, representing $0.20 per share, compared to a net loss of $10,360,000, representing $0.17 per share for the same period in 2009.

The net loss in the third quarter of 2010 includes revenue of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss amounted to $4,988,000 in 2010, a decrease of 26.3% compared to the same period in 2009. For the nine-month period, the net loss includes revenue and costs related to the agreement with EMD Serono. Excluding those items, the adjusted net loss amounted to $17,501,000, compared to $21,824,000 for the same period in 2009, a decrease of 19.8%.

Financial Position

At August 31, 2010, liquidities, which include cash and bonds, amounted to $43,419,000, and tax credits receivable amounted to $514,000, for a total of $43,933,000.

Taking into account the revenues and expenses described above, for the three-month period ended August 31, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $2,629,000, compared to a cash flow of $6,186,000 in 2009. Excluding the revenue and costs related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,340,000 for the quarter ended August 31, 2010, compared to $6,410,000 for the third quarter of 2009, a decrease of 32.3%.

For the nine-month period ending August 31, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $10,877,000 compared to $9,214,000 for the same period in 2009. Excluding the revenue and costs associated with the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $16,011,000, compared to $20,678,000 for the corresponding period in 2009, representing a decrease of 22.6%.

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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	**$ 2,152**	$ 2,226	$ 2,295	$ 2,246	$ 13,148	$ 2,317	$ 2,009	$ 616
Net (loss) earnings	**$ (3,277)**	$ (4,823)	$ (4,267)	$ (4,698)	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)
Basic and diluted (loss) earnings per share	**$ (0.05)**	$ (0.08)	$ (0.07)	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Non-GAAP Measures

The Company uses measures that do not conform to Canadian GAAP to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and Reconciliation of Non-GAAP Measures

In order to measure performance from one period to another, without accounting for changes related to the impact of revenues and costs associated with the collaboration and licensing agreement with EMD Serono, Management uses adjusted net loss and adjusted burn rate from operating activities before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

(in thousands of Canadian dollars)

	August 31st (3 months)		August 31st (9 months)	
Adjusted net loss	**2010**	**2009**	**2010**	**2009**
(Net loss) net earnings per the financial statements	$ (3,277)	$ 5,824	$ (12,367)	$ (10,360)
Adjustments:				
Revenue associated with a collaboration and licensing agreement (note 7 to the consolidated financial statements)	(1,711)	(12,596)	(5,134)	(15,733)
Costs associated with collaboration and licensing agreement	—	—	—	4,269
Adjusted net loss	$ (4,988)	$ (6,772)	$ (17,501)	$ (21,824)

	August 31st (3 months)		August 31st (9 months)	
Adjusted burn rate before changes in operating assets and liabilities	**2010**	**2009**	**2010**	**2009**
(Burn rate) cash flow before changes in operating assets and liabilities, per the financial statements	$ (2,629)	$ 6,186	$ (10,877)	$ (9,214)
Adjustments:				
Revenue associated with a collaboration and licensing agreement (note 7 to the consolidated financial statements)	(1,711)	(12,596)	(5,134)	(15,733)
Costs associated with collaboration and licensing agreement	—	—	—	4,269
Adjusted burn rate before changes in operating assets and liabilities	$ (4,340)	$ (6,410)	$ (16,011)	$ (20,678)

Contingency

On July 26, 2010, the Company received a motion of authorization to institute a class action against the Company and certain of its executive officers (the "Motion"). The Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose a material change. The Company is of the view that the allegations contained in the motion are entirely without merit and intends to take all appropriate actions to vigorously defend its position. As of October 11, 2010, the motion has not yet been heard by the Superior Court of Quebec.

New Accounting Policies

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, will converge with International Financial Reporting Standards ("IFRS"), for financial periods beginning on and after January 1, 2011 with the option to early adopt IFRS upon receipt of approval from the Canadian Securities regulatory authorities.

The Company's mandatory changeover from current Canadian GAAP to IFRS applies to the fiscal year beginning December 1, 2011. However, the Company plans to file an exemption with the Canadian securities regulatory authorities to early adopt IFRS beginning December 1, 2009, the change over date. The Company intends to file its November 30, 2010 financial statements under IFRS with December 1, 2008 being the proposed transition date. Should the exemption be granted, the comparative annual period for fiscal 2009 will be restated under IFRS as will all quarterly filings for 2009 and 2010. The following discussion provides further information about the Company's IFRS convergence activities.

Management of IFRS Convergence Project

Management has evaluated its overall readiness for transition from GAAP to IFRS, including the readiness of its staff, Board of Directors and Audit Committee and has determined that the Company is adequately prepared for the conversion to IFRS.

The Company has established a formal project plan and a detailed timetable to manage the transition. It has also allocated substantial internal resources and is working with its auditors to ensure a timely and accurate conversion. The conversion project is being monitored by senior members of the finance team which report regularly to the Audit Committee and the Board of Directors on the progress of the convergence project through meetings and communication. The Company is currently on schedule with its plan.

Conversion Plan

The Company's IFRS convergence project includes four steps: diagnostic and planning, detailed analysis, design, and implementation, which in certain cases will occur concurrently as IFRS is applied to specific areas.

Phase One: Diagnostic and Planning — This phase involves establishing a transition plan to IFRS and the initial identification of differences between Canadian GAAP and IFRS.

Phase Two: Detailed Analysis — This phase involves a comprehensive assessment of the differences between the Company's current accounting policies and the requirements of IFRS in order to evaluate the impact on the Company. In addition, as part of the detailed analysis, the Company identifies training requirements, and determines eventual changes to business processes and information systems.

Phase Three: Design — This phase consists of an analysis of the available accounting options under IFRS, notably the exceptions, exemptions and actual accounting policy choices available for the transition and the preparation of draft IFRS financial statements and accompanying notes. In addition, it is during this phase that changes to the business processes and the information systems are designed.

Phase Four: Implementation — This phase involves implementing changes to systems, business processes and internal controls, determining the opening IFRS transition balance sheet and the impact on taxation, parallel accounting under Canadian GAAP and IFRS and preparing detailed reconciliations between Canadian GAAP and IFRS financial statements.

Conversion Progress

At the date of preparing this MD&A, the Company has met the key milestones of the project plan, including the completion of the diagnostic and detailed analysis phases, and has made significant progress in the completion of the design phase.

Though IFRS uses a conceptual framework similar to Canadian GAAP, there are still significant differences in recognition, measurement and the disclosure of information. Based on the comparative analysis of the current IFRS with Canadian GAAP, upon which the Company's accounting practices are now based, the Company has identified a number of differences and impacts which are discussed below. The list should not be interpreted as a comprehensive list of

changes, it highlights those areas of accounting differences that the Company currently believes are to be the most significant upon conversion to IFRS.

IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1")

The adoption of IFRS requires application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS and outlines that, in general, an entity applies the principles under IFRS retrospectively with adjustments arising on conversion from Canadian GAAP to IFRS being directly recognized in retained earnings as of the beginning of the first comparative financial statements presented. In this case, the Company will restate its comparative 2009 financial statements for annual and interim periods to be in accordance with IFRS and will reconcile equity and net earnings from the previously reported fiscal 2009 GAAP amounts to the restated 2009 IFRS amounts.

IFRS also provides certain optional exemptions from retrospective application of certain IFRS requirements as well as mandatory exceptions which prohibit retrospective application of standards.

The Company elected to take the following IFRS 1 optional exemptions:

Fair value or revaluation as deemed cost — IFRS 1 provides a choice between measuring property, plant and equipment at its fair value at the date of transition and using those amounts as deemed cost or using the historical valuation under the prior GAAP. The Company plans to retain the historical basis as cost and forego of the option to use fair value as deemed cost.

Share-based payments — IFRS 1 encourages application of IFRS 2 *, Share-based payment* provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that were not vested by the transition date. The Company will apply IFRS 2 only to equity instruments granted after November 7, 2002 that were not vested by December 1, 2008.

Changes in existing decommissioning, restoration and similar liabilities included in the cost of property, plant and equipment — IFRS 1 allows for either the retroactive adoption or prospective adoption from the transition date of IFRIC 1, *Changes in existing decommissioning, restoration and similar liabilities*. The Company plans to prospectively apply this standard, as the case may be.

Further optional exemptions are provided under IFRS 1. However, the Company does not believe these exemptions will impact its adoption of IFRS. Hindsight is not permitted to create or revise estimates. Estimates previously made by the Company under Canadian GAAP cannot be revised for application of IFRS except where necessary to reflect any difference in accounting policies.

IFRS 2, Share-based Payments ("IFRS 2")

Under IFRS, when stock option awards vest gradually, each tranche is to be considered as a separate award, while under Canadian GAAP, companies can make a policy choice to consider gradually vested tranches as a single award. Similarly, the IFRS standard requires that forfeiture estimates be established at the time of the initial fair value assessment of share-based payments rather than to account for the forfeitures as they occur. Therefore, the compensation expense will have to be recognized over the expected term of each tranche and take into account the impact of the differences in accounting for forfeitures. The Company has performed its preliminary calculation and concluded that an adjustment of approximately $200,000 will be recorded at the proposed transition date.

IAS 36, Impairment ("IAS 36")

Under Canadian GAAP standards for impairment of non-financial assets, for assets other than financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. IAS 36 requires a write-down to be recognized if the recoverable amount, determined as the higher of the

estimated fair value less costs to sell or value in use is less than carrying value. The Company will assess as of the transition date whether there are any indicators of impairment at that date. In the event of a possible early adoption, the Company has performed impairment testing as of December 1, 2008 and November 30, 2009 and has concluded that there is no impairment charge under IFRS as of December 1, 2008. No impairment indicators were identified for the period between the transition date and November 30, 2009. IAS 36 also permits the reversal of certain impairment charges where conditions have changed. The Company reviewed past impairment charges and concluded that there was no justification for reversal of past impairment charges.

IAS 1, Presentation of Financial Statement ("IAS 1")

Financial statement presentation is addressed in conjunction with the related IFRS standards. Certain additional disclosures will be required in the notes to the financial statements and the statement of operations will be modified to reflect either a presentation by nature or by function. The Company is currently working on preliminary IFRS financial statements in accordance with IAS 1, *Presentation of Financial Statements* which will be completed in the last quarter of 2010.

Other Standards

Based on the results of the comparative analysis of the current IFRS with Canadian GAAP, the Company has also completed its assessment of the following standards and determined that, other than enhanced disclosures, no material adjustments would result regarding:

- Property plant and equipment
- Leases
- Revenue recognition
- Provisions, contingent assets and contingent liabilities
- Foreign exchange
- Intangible assets
- Inventories
- Employee benefits

The Company is in the process of completing its analysis of the few remaining potential differences identified, but does not expect material adjustments to be required.

The Company continues to assess the aggregate effect of adopting IFRS, and the relevant changes in accounting policies. Key milestones for the remainder of the year which are in line with the Company's plan include:

- Completion of the analysis of relevant accounting policies and standards
- Completion of the opening transition balance sheet
- Identifying, documenting and embedding changes to systems, business processes and internal controls, as required
- Parallel accounting under Canadian GAAP and IFRS
- Preparation of detailed reconciliations of Canadian GAAP to IFRS financial statements
- Training programs for the Company's finance team and other affected parties, as necessary
- Audit Committee approval of IFRS financial statements

Impact on the Business

The impact of the conversion to IFRS on the Company has been minimal and will therefore result in a limited number of adjustments. The Company's systems can easily accommodate the required changes. The Company's internal and disclosure control processes, as currently designed, will likely not require significant modification as a result of its conversion to IFRS. The Company is assessing the impacts of adopting IFRS on its contractual arrangements, and has not identified any material compliance issues to date. The Company is considering the impacts that the transition will have on its internal planning process and compensation arrangements and continues to evaluate the impact of transitioning to IFRS on the communication of its financial results.

Impact on Information Systems and Technology

The transition is expected to have minimal impact on information systems used by the Company. The areas where information systems are most impacted to date are minor modifications to certain general ledger accounts, sub-ledgers and end-user reports to accommodate IFRS accounting adjustments, recording, and heightened disclosures.

Impact on Internal Controls and Disclosure Controls and Procedures

The Company's internal controls will not be materially affected by the transition to IFRS. The IFRS differences require presentation and process changes to report more detailed information in the notes to the financial statements, but it is not currently expected to lead to many differences in the accounting treatments used by the Company. Disclosure controls and procedures may change due to the transition to IFRS, but the impact is expected to be minimal as well.

Impact on Financial Reporting Expertise

Training and education has been provided to all members of the finance team who are directly affected by the transition to IFRS. IFRS training to other financial staff will be performed as deemed necessary. This training will focus mainly around the process changes required and an overview of the reasons behind the changes from a standards perspective. Considering the minor impact on the Company's operating results and financial situation, investors and other parties will not be significantly affected by its conversion to IFRS.

Outstanding Share Data

On October 8, 2010, the number of shares issued and outstanding was 60 511 598 while outstanding options granted under the stock option plan were 2 853 638.

Contractual Obligations

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 2009 Annual Report.

Forward-Looking Information

This MD&A for the third quarter 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA, the receipt of milestone payments and/or royalties under the agreement entered into with EMD Serono, the potential decrease in the adjusted burn rate, and the completion of a conversion plan to IFRS. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the risk that the payment of milestones is delayed or not received or that the royalties from the sale of tesamorelin are not received, the risk that unexpected expenses increase the adjusted burn rate, and the risk that the timeline for preparing a conversion plan to IFRS is not met.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States will be successful, unexpected expenses will not result in an adjusted burn rate increase, and the Company will not experience any difficulties in preparing a conversion plan to IFRS.

Consequently, the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this MD&A.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009. This MD&A is dated October 12, 2010, and has been approved by the Audit Committee.

Exhibit 99.12

Amended Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Nine-month periods ended August 31, 2010 and 2009

THERATECHNOLOGIES INC.
Amended Consolidated Financial Statements
(Unaudited)

Nine-month periods ended August 31, 2010 and 2009

Amended Financial Statements

EXPLANATORY NOTE

These amended unaudited consolidated financial statements of Theratechnologies Inc. (the “Company”) for the nine-month periods ended August 31, 2010 and 2009 reflect the Company’s adoption of International Financial Reporting Standards ("IFRS’’), as issued by the International Accounting Standards Board ("IASB’’). In the fourth quarter of 2010, The Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing these amended consolidated financial statements to comply with this approval.

The Company’s Audit Committee originally approved the unaudited consolidated financial statements for the nine-month periods ended August 31, 2010 and 2009 on October 12, 2010 and those financial statements were filed on October 12, 2010. Those financial statements were prepared in accordance with generally accepted accounting principles in Canada (“Canadian GAAP”). Except for the changes related to the Company’s adoption of IFRS, these amended unaudited consolidated financial statements do not reflect events occurring after October 12, 2010. These amended unaudited consolidated financial statements supersede the Company’s original filing and should be read in connection with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

THERATECHNOLOGIES INC.
Consolidated Statement of Financial Position
(Unaudited)

As at August 31, 2010, November 30, 2009 and December 1, 2008
(in thousands of Canadian dollars)

	Note	August 31, 2010	November 30, 2009	December 1, 2008
		$	$	$
Assets				
Current assets:				
Cash		2,370	1,519	133
Bonds		1,694	10,036	10,955
Trade and other receivables		131	375	610
Tax credits and grants receivable		181	1,333	1,451
Inventories		4,585	2,225	—
Prepaid expenses		1,004	630	739
Total current assets		9,965	16,118	13,888
Non-current assets:				
Bonds		39,355	51,807	35,249
Property and equipment		1,106	1,229	1,299
Other assets		—	—	2,776
Total non-current assets		40,461	53,036	39,324
Total assets		50,426	69,154	53,212
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		3,490	5,568	6,865
Current portion of deferred revenue	4	6,849	6,847	—
Total current liabilities		10,339	12,415	6,865
Non-current liabilities:				
Other liabilities		167	—	—
Deferred revenue	4	8,557	13,691	—
Total non-current liabilities		8,724	13,691	—
Total liabilities		19,063	26,106	6,865
Equity				
Share capital	5	279,389	279,169	269,219
Contributed surplus		7,631	6,757	5,760
Deficit		(256,529)	(244,160)	(229,004)
Accumulated other comprehensive income		872	1,282	372
Total equity		31,363	43,048	46,347
Subsequent events	7			
Total liabilities and equity		50,426	69,154	53,212

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Comprehensive Income
(Unaudited)

Nine-month periods ended August 31, 2010 and 2009
(in thousands of Canadian dollars, except per share amounts)

	Note	August 31, 2010 (3 months) $	August 31, 2009 (3 months) $	August 31, 2010 (9 months) $	August 31, 2009 (9 months) $
Revenue:					
Research services:					
Milestone payment	4	—	10,884	—	10,884
Upfront payments and initial technology access fees	4	1,711	1,711	5,134	4,848
Royalties and license fees		6	6	17	18
Total revenue		1,717	12,601	5,151	15,750
Cost of sales		120	—	120	—
Research and development expenses, net of tax credits of $448 (2009 - $294) for the three-month period and $783 (2009 - $1,384) for the nine-month period		2,591	5,523	10,892	16,598
Selling and market development expenses		524	498	1,909	5,793
General and administrative expenses		2,262	1,488	5,966	4,980
Total operating expenses		5,497	7,509	18,887	27,371
Results from operating activities		(3,780)	5,092	(13,736)	(11,621)
Finance income		435	547	1,522	1,724
Finance costs		(12)	140	(155)	(605)
Total net financial income		423	687	1,367	1,119
Net (loss) profit		(3,357)	5,779	(12,369)	(10,502)
Other comprehensive loss, net of tax:					
Net change in fair value available-for-sale financial assets, net of tax		586	342	(151)	1,327
Net change in fair value available-for-sale financial assets transferred to net loss, net of tax		(65)	(48)	(259)	(118)
		521	294	(410)	1,209
Total comprehensive (loss) income for the period		(2,836)	6,073	(12,779)	(9,293)
Basic and diluted (loss) earnings per share	5	(0.06)	0.10	(0.20)	(0.17)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity
(Unaudited)

Nine-month period ended August 31, 2010
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2009		60,429,393	279,169	6,757	1,282	(244,160)	43,048
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(12,369)	(12,369)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	(151)	—	(151)
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(259)	—	(259)
Total comprehensive loss for the period		—	—	—	(410)	(12,369)	(12,779)
Transactions with owners, recorded directly in equity:							
Issue of common shares		2,880	15	—	—	—	15
Share-based compensation for stock option plan	5(c)	—	—	951	—	—	951
Exercise of stock option:							
Monetary consideration	5(c)	77,493	128	—	—	—	128
Attributed value	5(c)	—	77	(77)	—	—	—
Total contributions by owners		80,373	220	874	—	—	1,094
Balance as at August 31, 2010		60,509,766	279,389	7,631	872	(256,529)	31,363

(i) Accumulated other comprehensive income.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity, Continued
(Unaudited)

Nine-month period ended August 31, 2009
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2008		58,215,090	269,219	5,760	372	(229,004)	46,347
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(10,502)	(10,502)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	1,327	—	1,327
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(118)	—	(118)
Total comprehensive loss for the period		—	—	—	1,209	(10,502)	(9,293)
Transactions with owners, recorded directly in equity:							
Issue of common shares	4	2,182,387	9,861	—	—	—	9,861
Share-based compensation plan:							
Share-based compensation for stock option plan	5(c)	—	—	847	—	—	847
Total contributions by owners		2,182,387	9,861	847	—	—	10,708
Balance as at August 31, 2009		60,397,477	279,080	6,607	1,581	(239,506)	47,762

(i) Accumulated other comprehensive income.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Cash Flows
(Unaudited)

Nine-month periods ended August 31, 2010 and 2009
(in thousands of Canadian dollars)

	Note	August 31, 2010	August 31, 2009	August 31, 2010	August 31, 2009
		(3 months)		(9 months)	
		$	$	$	$
Operating activities:					
Net loss		(3,357)	5,779	(12,369)	(10,502)
Adjustments for:					
Depreciation of property and equipment		92	157	374	441
Share-based compensation		511	249	951	847
Lease inducements and amortization		125	—	167	—
Operating activities before changes in operating assets and liabilities		(2,629)	6,185	(10,877)	(9,214)
Change in accrued interest income on bonds		317	74	696	(728)
Change in trade and other receivables		45	57	244	391
Change in tax credits and grants receivable		1,487	(294)	1,485	(1,050)
Change in inventories		(89)	—	(2,360)	(1,594)
Change in prepaid expenses		(30)	(532)	(375)	(1,055)
Change in other assets		—	2,129	—	2,776
Change in accounts payable and accrued liabilities		(3,214)	(921)	(2,282)	(2,923)
Change in deferred revenue		(1,714)	(1,715)	(5,132)	22,252
		(3,198)	(1,202)	(7,724)	18,069
Cash flows from operating activities		(5,827)	4,983	(18,601)	8,855
Financing activities:					
Proceeds from issue of share capital		—	—	15	9,861
Proceeds from exercise of stock options		37	—	128	—
Share issue costs		—	—	—	(8)
Cash flows from financing activities		37	—	143	9,853
Investing activities:					
Acquisition of property and equipment		(43)	(55)	(379)	(290)
Proceeds from sale of bonds		4,706	3,963	19,688	13,805
Acquisition of bonds		—	—	—	(19,631)
Cash flows from (used in) investing activities		4,663	3,908	19,309	(6,116)
Net change in cash		(1,127)	8,891	851	12,592
Cash as at December 1		3,497	3,834	1,519	133
Cash as at August 31		2,370	12,725	2,370	12,725

See note 6 for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Reporting entity:

Theratechnologies Inc. is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company'' and individually as "the subsidiaries of the Company'').

Theratechnologies Inc. is incorporated under Part 1A of the Québec *Companies Act* and is domiciled in Quebec, Canada. The Company is located at 2310 boul. Alfred-Nobel, Montreal, Quebec, H4S 2B4.

2. Basis of preparation:

(a) Statement of compliance:

These amended interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs'') as issued by the International Accounting Standards Board ("IASB''). The Company's first IFRS financial statements were for the annual period ended November 30, 2010 and were prepared using December 1, 2008 as the date of transition. In preparing the accompanying amended interim financial statements, the Company applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* as disclosed in note 8.

These amended interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. However, they should not be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended November 30, 2009 as those were prepared in accordance with Canadian GAAP. The Company's interim consolidated financial statements as previously filed were also prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these amended interim consolidated financial statements, management amended the accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The Company's annual consolidated financial statements as at November 30, 2010 and 2009 and for the years then ended have been concurrently filed with these amended unaudited interim consolidated financial statements. The same accounting policies as described in note 3 of these amended interim consolidated financial statements were used. The comparative figures for 2009 were also restated to reflect these adjustments.

2. Basis of preparation (continued):

(a) Statement of compliance (continued):

Certain information and footnote disclosures which are considered material to the understanding of the Company's amended interim consolidated financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are presented in note 3 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income presented in note 8. These amended interim consolidated financial statements do not include all disclosures required under IFRS and accordingly should be read in connection with the aforementioned annual financial statements and the notes thereto. These amended interim consolidated financial statements have not been reviewed by the Company's auditors.

These amended unaudited interim consolidated financial statements were authorized for issue by the Audit Committee on February 8, 2011.

(b) Basis of measurement:

The Company's consolidated financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets which are measured at fair value.

The methods used to measure fair value are discussed in note 22 included in the Company's annual financial statements dated February 8, 2011.

(c) Functional and presentation currency:

These amended interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements:

The preparation of the Company's amended interim consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgements in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the amended interim consolidated financial statements relate to the timing of revenue recognition, the valuation of share-based compensation; the realizability of deferred income tax assets, and the recognition and measurement of contingent liabilities.

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued):

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and the capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these amended interim consolidated financial statements and in preparing the opening IFRS statement of financial position at December 1, 2008, the date of transition to IFRSs.

The accounting policies have been applied consistently by the subsidiaries of the Company.

(a) Basis of consolidation:

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable currently are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Reciprocal balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

(b) Foreign currency:

Transactions in foreign currencies are translated to the respective functional currencies of the subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on translation are recognized in net profit (loss), except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue recognition:

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under the collaboration agreement may include upfront payments, milestone payments, research services, royalties and license fees. Revenues for each unit of accounting are recorded as described below:

(i) Sale of goods:

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Royalties and license fees:

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

3. Significant accounting policies (continued):

(c) Revenue recognition (continued):

(iii) Research services:

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

(a) Upfront payments and initial technology access fees:

Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

(b) Milestone payments:

Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

(d) Cost of sales:

Cost of sales represents the cost of goods sold and includes the cost of raw materials, supplies, direct overhead charges, unallocated indirect costs related to production as well as write-down of inventories. Other direct costs such as manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred.

(e) Employee benefits:

Salaries and short-term employee benefits:

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits:

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and unemployment insurance.

3. Significant accounting policies (continued):

(e) Employee benefits (continued):

Termination benefits:

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(f) Finance income and finance costs:

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit (loss), using the effective interest method.

Finance costs are comprised of bank charges, impairment losses on financial assets recognized in profit (loss) and foreign currency gains and losses which are reported on a net basis.

(g) Inventories:

Inventories are presented at the lower of cost, determined using the first-in first-out method, or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

Net realizable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property and equipment:

Recognition and measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

3. Significant accounting policies (continued):

(h) Property and equipment (continued):

Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

Subsequent costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

Depreciation:

The estimated useful lives and the methods of depreciation for the current and comparative periods are as follows:

Asset	Method	Rate/Period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance	20%
	and straight-line	5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of term of lease or economic life

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted, if appropriate.

3. Significant accounting policies (continued):

(i) Intangible assets:

Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the periods ended August 31, 2010 and 2009, November 30, 2009 and as at December 1, 2008, no development expenditures were capitalized.

(j) Financial instruments:

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has classified cash, and trade and other receivables as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit (loss).

3. Significant accounting policies (continued):

(k) Other assets:

Other assets consist of prepaid expenses for research supplies that are not expected to be used within one year from the date of the consolidated statement of financial position.

Research supplies are purchased in advance, in accordance with specific regulatory requirements, to be used in connection with the Company's clinical trials.

(l) Leases:

Operating lease payments are recognized in net profit (loss) on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvements allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit (loss) over the term of the lease on a straight-line basis.

(m) Impairment:

Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit (loss).

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

3. Significant accounting policies (continued):

(m) Impairment (continued):

Financial assets (continued):

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to net profit (loss). The cumulative loss that is removed from other comprehensive income and recognized in net profit (loss) is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in net profit (loss). Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit (loss), then the impairment loss is reversed, with the amount of the reversal recognized in net profit (loss). However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit''). Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(n) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract. There were no onerous contracts as at August 31, 2010 and 2009, November 30, 2009 and December 1, 2008.

Site restoration:

Where there is a legal or constructive obligation to restore leased premises to good condition, except for normal aging on expiry or early termination of the lease, the resulting costs are provisioned up to the discounted value of estimated future costs and increase the carrying amount of the corresponding item of property and equipment. The Company amortizes the cost of restoring leased premises and recognizes an unwinding of discount expense on the liability related to the term of the lease.

Contingent liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

3. Significant accounting policies (continued):

(o) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net profit (loss), except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Share-based compensation:

The Company records share-based compensation related to employee stock options granted using the fair value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

3. Significant accounting policies (continued):

(p) Share-based compensation (continued):

As permitted by IFRS 1, the Company elected not to restate options that were granted before November 7, 2002 and those granted after November 7, 2002 that were fully vested prior to the date of transition to IFRS.

(q) Government grants:

Government grants, consisting of grants and research investment tax credits, are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

(r) Share capital:

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(s) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS'') data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

(t) New standards and interpretations not yet applied:

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2010 or later periods. Many of these updates are not applicable or are inconsequential to the Company and have been excluded from the discussion below. The remaining pronouncements are being assessed to determine their impact on the Company's results and financial position:

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS:

The IASB's improvements to IFRS published in April 2009 contain fifteen amendments to twelve standards that result in accounting changes for presentation, recognition or measurement purposes largely for annual periods beginning on or after January 1, 2010, with early adoption permitted. These amendments were considered by the Company and deemed to be not applicable to the Company other than for the amendment to IAS 17 — Leases relating to leases which include both land and buildings elements. In this case, the Company early adopted this amendment.

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010 are included under the specific revisions to standards discussed below.

(i) IFRS 3:

Revision to IFRS 3, Business Combinations:

Effective for annual periods beginning on or after July 1, 2010, with earlier adoption permitted.

Clarification on the following areas:

- the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.
- application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced awards (i.e., unexpired awards over the acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS (continued):

(ii) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

(iii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iv) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The 2008 revisions to this standard resulted in consequential amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* , IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS (continued):

(v) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

New or revised standards and interpretations:

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IFRS 8:

IFRS 8, Operating Segments (revised):

Effective for annual periods beginning on or after January 1, 2010.

Requires purchase information about segment assets.

(ii) IFRS 9:

New standard IFRS 9, Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

New or revised standards and interpretations (continued):

(ii) IFRS 9 (continued):

New standard IFRS 9, Financial Instruments (continued):

– classification depends on entity's business model and the contractual cash flow characteristics of the financial asset

– eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

4. Revenue and deferred revenue:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

4. Revenue and deferred revenue (continued):

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period for developing a new formulation of the Initial Product. This period may be modified in the future based on additional information that may be received by the Company. For the nine-month period ended August 31, 2010, an amount of $5,134 related to this transaction was recognized as revenue. As at August 31, 2010, the deferred revenues related to this transaction amounted to $15,403 (November 30, 2009 — $20,537).

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application (“NDA”) made by the Company for tesamorelin. Under the terms of the Company’s Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the collaboration and licensing agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to an agreement with EMD Serono, to participate in the promotion of the additional indications.

5. Share capital:

During the second quarter of 2010, the Company received subscriptions in the amount of $15 ($7 for the same period in 2009) for the issue of 2,880 common shares (2,550 for the same period in 2009) in connection with its share purchase plan.

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan’’), effective as of that date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the close of the Company’s annual meeting of shareholders in 2013.

5. Share capital (continued):

(a) Shareholder rights plan (continued):

The rights issued under the Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless a triggering occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid'' provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for no less than 60 days. If, at the end of 60 days, at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) Share purchase plan:

The Share Purchase Plan entitles full-time and part-time employees of the Company who, on the participation date, are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Company's outstanding common shares, to directly subscribe for common shares of the Company. Under the Share Purchase Plan, a maximum of 550,000 common shares may be issued to employees.

On May 1 and November 1 of each year (the "Participation Dates''), an employee may subscribe for a number of common shares under the Share Purchase Plan for an amount that does not exceed 10% of that employee's gross annual salary for that year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend or defer a subscription of common shares, or to decide that no subscription of common shares will be allowed on a Participation Date if it is in the Company's best interest.

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

5. Share capital (continued):

(b) Share purchase plan (continued):

The subscription price for each new common share subscribed for under the Share Purchase Plan is equal to the weighted average closing price of the common shares on the Toronto Stock Exchange during a period of five days prior to the Participation Date. Employees may not assign the rights granted under the Share Purchase Plan.

An employee may elect to pay the subscription price for common shares in cash or through an interest-free loan from the Company. Loans granted by the Company under the Share Purchase Plan are repayable through salary withholdings over a period not exceeding two years. All loans may be repaid prior to the scheduled repayment at any time. The loans granted to any employee may at no time exceed 10% of that employee's current annual gross salary. All common shares purchased through an interest-free loan are hypothecated to secure full and final repayment of the loan and are held by a trustee until repayment in full. Loans are immediately due and payable on the occurrence of any of the following events: (i) termination of employment; (ii) sale or seizure of the hypothecated common shares; (iii) bankruptcy or insolvency of the employee; or (iv) suspension of the payment of an employee's salary or revocation of the employee's right to salary withholdings.

At August 31, 2010, $72 (November 30, 2009 — $149; December 1, 2008 — $150) was receivable under these loans.

(c) Stock option plan:

The Company has established a stock option plan under which it can grant to its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period up to 5 years. As at August 31, 2010, 970,171 options could still be granted by the Company (August 31 — 1,236,168).

All options are to be settled by physical delivery of shares.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(c) Stock option plan (continued):

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the nine-month period ended August 31, 2010 were as follows:

	Options	Weighted average exercise price per option
		$
Options at December 1, 2008	2,161,800	6.52
Granted	680,500	1.83
Expired	(58,500)	5.16
Forfeited	(118,000)	9.92
Options at November 30, 2009	2,665,800	5.20
Granted	335,000	4.03
Expired	(25,000)	9.91
Forfeited	(35,337)	3.78
Exercised	(77,493)	1.65
Options at August 31, 2010	2,862,970	5.14

The fair value of the options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.79%
Volatility	81%	79%
Average option life in years	7.5	7.5
Dividend yield	Nil	Nil
Grant-date share price	$ 4.03	$ 1.83
Option exercise price	$ 4.03	$ 1.83

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(c) Stock option plan (continued):

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time that similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the periods ended August 31, 2010 and 2009:

Periods ended August 31 (9 months)	Number of options	Weighted average grant-date fair value
		$
2010	335,000	3.05
2009	660,500	1.34

Periods ended August 31 (3 months)	Number of options	Weighted average grant-date fair value
		$
2010	70,000	3.62
2009	—	—

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(d) Earnings per share:

The calculation of basic earnings per share at August 31, 2010 was based on the net loss attributable to common shareholders of the Company of ($12,369) (2009 — ($10,502)), and a weighted average number of common shares outstanding of 60,469,621 (2009 — 60,284,591), calculated as follows:

	August 31, 2010	August 31, 2009
Issued common shares at December 1	60,429,393	58,215,090
Effect of share options exercised	39,040	—
Effect of shares issued during the period	1,188	2,069,501
Weighted average number of common shares at August 31	60,469,621	60,284,591

The calculation of diluted earnings per share was based on a weighted average number of common shares calculated as follows:

	August 31, 2010	August 31, 2009
Weighted average number of common shares (basic)	60,469,621	60,284,591
Effect of stock options on issue	—	165,420
Weighted average number of common shares (diluted) at August 31	60,469,621	60,450,011

At August 2010, 1,127,164 options (2009 — 1,385,833) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

(in thousands of Canadian dollars, except per share amounts)

6. Supplemental information:

The following transactions were conducted by the Company and did not impact cash flows:

	August 31, 2010	August 31, 2009	November 30, 2009
	$	$	$
Additions to property and equipment included in accounts payable and accrued liabilities	55	28	183

7. Subsequent events:

(a) Except for changes related to the Company's adoption of IFRS, these amended unaudited interim consolidated financial statements do not reflect events occurring after October 12, 2010, the date of the filing of the consolidated financial statements prepared in accordance with Canadian GAAP. The annual audited consolidated financial statements of the Company prepared in accordance with IFRS have been filed concurrently with these amended unaudited interim consolidated financial statements. These amended unaudited interim consolidated financial statements should be read in connection with the annual financial statements for additional disclosures with respect to subsequent events.

(b) On July 26, 2010, the Company received a motion of authorization to institute a class action against the Company and certain of its executive officers (the "Motion"). This Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose a material change. The Company is of the view that the allegations contained in the Motion are frivolous and entirely without merit and intends to take all appropriate actions to vigorously defend its position.

As of October 11, 2010, the Motion has not yet been heard by the Superior Court of Quebec.

The Company subscribed insurances covering the responsibility of its administrators and officers in the exercise of their functions.

8. Transition to IFRS:

As stated in note 2 (a), the Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended August 31, 2010, the comparative period ended August 31, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at December 1, 2008 and November 30, 2009:

		December 1, 2008				November 30, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		133	—	—	133	1,519	—	—	1,519
Bonds		10,955	—	—	10,955	10,036	—	—	10,036
Trade and other receivables		610	—	—	610	375	—	—	375
Tax credits and grants receivable	(a)	1,784	—	(333)	1,451	1,666	—	(333)	1,333
Inventories		—	—	—	—	2,225	—	—	2,225
Research supplies	(a)	301	—	(301)	—	287	—	(287)	—
Prepaid expenses	(a)	397	—	342	739	302	—	328	630
Total current assets		14,180	—	(292)	13,888	16,410	—	(292)	16,118
Non-current assets:									
Bonds		35,249	—	—	35,249	51,807	—	—	51,807
Property and equipment		1,299	—	—	1,299	1,229	—	—	1,229
Other assets	(a)	2,817	—	(41)	2,776	41	—	(41)	—
Total non-current assets		39,365	—	(41)	39,324	53,077	—	(41)	53,036
Total assets		53,545	—	(333)	53,212	69,487	—	(333)	69,154
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	7,198	—	(333)	6,865	5,901	—	(333)	5,568
Current portion of deferred revenue		—	—	—	—	6,847	—	—	6,847
Total current liabilities		7,198	—	(333)	6,865	12,748	—	(333)	12,415
Non-current liabilities:									
Deferred revenue		—	—	—	—	13,691	—	—	13,691
Total non-current liabilities		—	—	—	—	13,691	—	—	13,691
Total liabilities		7,198	—	(333)	6,865	26,439	—	(333)	26,106
Equity									
Share capital		269,219	—	—	269,219	279,169	—	—	279,169
Contributed surplus	(b)	5,585	175	—	5,760	6,484	273	—	6,757
Deficit	(b)	(228,829)	(175)	—	(229,004)	(243,887)	(273)	—	(244,160)
Accumulated other comprehensive income		372	—	—	372	1,282	—	—	1,282
Total equity		46,347	—	—	46,347	43,048	—	—	43,048
Total liabilities and equity		53,545	—	(333)	53,212	69,487	—	(333)	69,154

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at August 31, 2010 and 2009:

		August 31, 2010				August 31, 2009			
	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		2,370	—	—	2,370	12,725	—	—	12,725
Bonds		1,694	—	—	1,694	9,562	—	—	9,562
Trade and other receivables		131	—	—	131	220	—	—	220
Tax credits and grants receivable	(a)	514	—	(333)	181	3,167	—	(333)	2,834
Inventories		4,585	—	—	4,585	1,594	—	—	1,594
Research supplies	(a)	283	—	(283)	—	1,029	—	(1,029)	—
Prepaid expenses	(a)	680	—	324	1,004	723	—	1,372	2,095
Total current assets		10,257	—	(292)	9,965	29,020	—	10	29,030
Non-current assets:									
Bonds		39,355	—	—	39,355	44,103	—	—	44,103
Property and equipment		1,106	—	—	1,106	1,128	—	—	1,128
Other assets	(a)	41	—	(41)	—	343	—	(343)	—
Total non-current assets		40,502	—	(41)	40,461	45,574	—	(343)	45,231
Total assets		50,759	—	(333)	50,426	74,594	—	(333)	74,261
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	3,823	—	(333)	3,490	4,580	—	(333)	4,247
Current portion of deferred revenue		6,849	—	—	6,849	6,850	—	—	6,850
Total current liabilities		10,672	—	(333)	10,339	11,430	—	(333)	11,097
Non-current liabilities:									
Other liabilities		167	—	—	167	—	—	—	—
Deferred revenue		8,557	—	—	8,557	15,402	—	—	15,402
Total non-current liabilities		8,724	—	—	8,724	15,402	—	—	15,402
Total liabilities		19,396	—	(333)	19,063	26,832	—	(333)	26,499
Equity									
Share capital		279,389	—	—	279,389	279,080	—	—	279,080
Contributed surplus	(b)	7,356	275	—	7,631	6,290	317	—	6,607
Deficit	(b)	(256,254)	(275)	—	(256,529)	(239,189)	(317)	—	(239,506)
Accumulated other comprehensive income		872	—	—	872	1,581	—	—	1,581
Total equity		31,363	—	—	31,363	47,762	—	—	47,762
Total liabilities and equity		50,759	—	(333)	50,426	74,594	—	(333)	74,261

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the year ended November 30, 2009:

	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fication	IFRS
		$	$	$	$
Revenue:					
Research services:					
Milestone payments	(c)	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	6,560	6,560
Royalties and license fees	(c)	17,468	—	(17,444)	24
Interest	(c)	2,252	—	(2,252)	—
Total revenue		19,720	—	(2,252)	17,468
Research and development expenses, net of tax credits	(b),(c)	20,431	33	346	20,810
Selling and market development expenses	(b),(c)	2,583	10	4,269	6,862
General and administrative expenses	(b),(c)	7,149	55	(661)	6,543
Patents	(c)	346	—	(346)	—
Fees associated with the collaboration and licensing agreement	(c)	4,269	—	(4,269)	—
Total operating expenses		34,778	98	(661)	34,215
Results from operating activities		(15,058)	(98)	(1,591)	(16,747)
Finance income	(c)	—	—	2,252	2,252
Finance costs	(c)	—	—	(661)	(661)
Total net finance income		—	—	1,591	1,591
Net loss		(15,058)	(98)	—	(15,156)
Other comprehensive income, net of tax:					
Net change in fair value of available-for-sale financial assets, net of tax		1,039	—	—	1,039
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(129)	—	—	(129)
Other comprehensive income for the year		910	—	—	910
Total comprehensive income for the year		(14,148)	(98)	—	(14,246)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the three-month periods ended August 31, 2010 and 2009:

		August 31, 2010				August 31, 2009			
	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS
		$	$	$	$	$	$	$	$
Revenue:									
Research services:									
Milestone payments		—	—	—	—	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	1,711	1,711	—	—	1,711	1,711
Royalties and license fees	(c)	1,717	—	(1,711)	6	12,601	—	(12,595)	6
Interest	(c)	435	—	(435)	—	547	—	(547)	—
Total revenue		2,152	—	(435)	1,717	13,148	—	(547)	12,601
Cost of sales		120	—	—	120	—	—	—	—
Research and development expenses, net of tax credits	(b),(c)	2,482	28	81	2,591	5,387	31	105	5,523
Selling and market development expenses	(b),(c)	521	3	—	524	495	3	—	498
General and administrative expenses	(b),(c)	2,225	49	(12)	2,262	1,337	11	140	1,488
Patents	(c)	81	—	(81)	—	105	—	(105)	—
Total operating expenses		5,429	80	(12)	5,497	7,324	45	140	7,509
Results from operating activities		(3,277)	(80)	(423)	(3,780)	5,824	(45)	(687)	5,092
Finance income	(c)	—	—	435	435	—	—	547	547
Finance costs	(c)	—	—	(12)	(12)	—	—	140	140
Total net finance income		—	—	423	423	—	—	687	687
Net loss		(3,277)	(80)	—	(3,357)	5,824	(45)	—	5,779
Other comprehensive income, net of tax:									
Net change in fair value of available-for-sale financial assets, net of tax		586	—	—	586	342	—	—	342
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(65)	—	—	(65)	(48)	—	—	(48)
Other comprehensive income for the period		521	—	—	521	294	—	—	294
Total comprehensive income for the period		(2,756)	(80)	—	(2,836)	6,118	(45)	—	6,073

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the nine-month periods ended August 31, 2010 and 2009:

		August 31, 2010				August 31, 2009			
	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS
		$	$	$	$	$	$	$	$
Revenue:									
Research services:									
Milestone payments		—	—	—	—	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	5,134	5,134	—	—	4,848	4,848
Royalties and license fees	(c)	5,151	—	(5,134)	17	15,750	—	(15,732)	18
Interest	(c)	1,522	—	(1,522)	—	1,724	—	(1,724)	—
Total revenue		6,673	—	(1,522)	5,151	17,474	—	(1,724)	15,750
Cost of sales		120	—	—	120	—	—	—	—
Research and development expenses, net of tax credits	(b),(c)	10,515	(44)	421	10,892	16,308	64	226	16,598
Selling and market development expenses	(b),(c)	1,901	8	—	1,909	1,516	8	4,269	5,793
General and administrative expenses	(b),(c)	6,083	38	(155)	5,966	5,515	70	(605)	4,980
Patents	(c)	421	—	(421)	—	226	—	(226)	—
Other expenses	(c)	—	—	—	—	4,269	—	(4,269)	—
Total operating expenses		19,040	2	(155)	18,887	27,834	142	(605)	27,371
Results from operating activities		(12,367)	(2)	(1,367)	(13,736)	(10,360)	(142)	(1,120)	(11,621)
Finance income	(c)	—	—	1,522	1,522	—	—	1,724	1,724
Finance costs	(c)	—	—	(155)	(155)	—	—	(605)	(605)
Total net finance income		—	—	1,367	1,367	—	—	1,119	1,119
Net loss		(12,367)	(2)	—	(12,369)	(10,360)	(142)	—	(10,502)
Other comprehensive income, net of tax:									
Net change in fair value of available-for-sale financial assets, net of tax		(151)	—	—	(151)	1,327	—	—	1,327
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(259)	—	—	(259)	(118)	—	—	(118)
Other comprehensive income for the period		(410)	—	—	(410)	1,209	—	—	1,209
Total comprehensive income for the period		(12,777)	(2)	—	(12,779)	(9,151)	(142)	—	(9,293)

8. Transition to IFRS (continued):

Material adjustments to the consolidated statement of cash flows for 2010 and 2009:

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.

Notes to the reconciliations:

(a) Reclassification in the consolidated statement of financial position:

Certain corresponding figures as at December 1, 2008, November 30, 2009, August 31, 2009 and 2010 have been reclassified to conform to the new presentation under IFRS.

(b) Share-based compensation:

In certain situations, stock options granted vest in installments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each installment should be accounted for as a separate share-based payment arrangement under IFRS, otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each installment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the installments depending on the policy elected.

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

(b) Share-based compensation (continued):

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $175 was required on the application of IFRS 2 at the transition date and an adjustment of $98 was required for the restated November 30, 2009, $142 for August 31, 2009 and ($2) for August 31, 2010 comparative balances as shown below:

	December 1, 2008	November 30, 2009	August 31, 2009	August 31, 2010
	$	$	$	$
Consolidated statement of comprehensive income:				
Increase in research and development expenses	—	33	64	(44)
Increase in selling and market development expenses	—	10	8	8
Increase in general and administrative expenses	—	55	70	38
Adjustment to net loss and total comprehensive loss	—	98	142	2
Deficit	(175)	(273)	(317)	(275)
Increase in contributed surplus	175	273	317	275

(c) Reclassification in the consolidated statement of comprehensive income:

Under IFRS, the Company elected to present expenses using a classification based on their function and presents net finance income separately. The effect of these changes is summarized below:

	November 30, 2009	August 31, 2010	August 31, 2009
	$	$	$
Decrease in interest	(2,252)	(1,522)	(1,724)
Increase in finance income	2,252	1,522	1,724
Increase in research and development expenses	346	421	226
Decrease in patent fees	(346)	(421)	(226)
Decrease in general and administrative expenses	(661)	(155)	(605)
Increase in finance costs	661	155	605
Increase in selling and market development activities	4,269	—	4,269
Decrease in other expenses	(4,269)	—	(4,269)
	—	—	—

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

(c) Reclassification in the consolidated statement of comprehensive income (continued):

Changes in presentation were also made to the revenue caption in order to conform with the new presentation under IFRS as noted below:

	November 30, 2009	August 31, 2010	August 31, 2009
	$	$	$
Decrease in royalties and license fees	(17,444)	(5,134)	(15,732)
Increase in upfront payments and initial technology access fees	6,560	5,134	4,848
Increase in milestone payments	10,884	—	10,884
	—	—	—

EXPLANATORY NOTE

This amended Management's Discussion and Analysis ("MD&A") for the three-month and nine-month periods ended August 31, 2010 and August 31, 2009 reflects the Company's adoption of International Financial Reporting Standards ("IFRS''), as issued by the International Accounting Standards Board ("IASB''). The Company originally filed a MD&A for the three-month and nine-month periods ended August 31, 2010 and August 31, 2009 on October 12, 2010. That MD&A was based on financial statements prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP''). In the fourth quarter of 2010, the Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing the amended interim consolidated financial statements and this amended MD&A to comply with this approval.

This amended MD&A continues to describe conditions, trends results and outlook as of October 12, 2010, which was the date of the original MD&A. Except for the changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after October 12, 2010 and the Company has not modified or updated the discussion and analysis from its original filing.

This amended MD&A and the amended interim consolidated financial statements for the three-month and nine-month periods periods ended August 31, 2010 and 2009 supersede the Company's original filings and should be read in conjunction with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and nine-month periods ended August 31, 2010

The following amended MD&A provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), for the three-month and nine-month periods ended August 31, 2010, as compared to the three-month and nine-month periods ended August 31, 2009. This view contains certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. The amended unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This amended MD&A should be read in conjunction with the amended unaudited interim consolidated financial statements of the Company and the notes thereto as at August 31, 2010, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2010. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The Company's growth strategy is centered upon the development of tesamorelin. In late 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, Darmstadt, Germany, for the exclusive commercialization rights to tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

The principal strategic objective of Theratechnologies is to obtain regulatory approval for tesamorelin in the United States in this indication and good progress was made by participating in

the U.S. Food and Drug Administration (“FDA” or the “Agency”) Endocrinologic and Metabolic Drugs Advisory Committee. On May 27, 2010, the Committee recommended by a 16 to 0 unanimous vote that tesamorelin be granted marketing approval by the FDA for this indication. Although advisory committees provide their recommendations, the decision on marketing approval is made by the Agency. Theratechnologies expects a final decision from the Agency on the approval of tesamorelin in the United States during the fourth quarter 2010. Should tesamorelin be approved, the Company expects to receive regulatory milestone payments, royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the United States.

Concurrent with advancing the regulatory process, Theratechnologies has begun building inventory in preparation for the launch of tesamorelin in the United States by EMD Serono, upon its approval by the FDA. In the coming months, the Company will continue building inventory.

Revenues

Consolidated revenues for the three-month period ended August 31, 2010, amounted to $1,717,000 compared to $12,601,000 in 2009. For the nine-month period ended August 31, 2010, consolidated revenues were $5,151,000 compared to $15,750,000 in 2009. The higher revenues in 2009 are due to the receipt in the third quarter of a milestone payment of $10,884,000 associated with the FDA’s agreement to review the New Drug Application (“NDA”) for tesamorelin, pursuant to the collaboration and licensing agreement with EMD Serono.

The initial payment received upon the closing of the agreement with EMD Serono of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended August 31, 2010, an amount of $1,711,000 ($1,711,000 in 2009) was recognized as revenue related to this transaction, while an amount of $5,134,000 was recognized as revenue related to this transaction for the nine-month period ($4,848,000 in 2009). At August 31, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $15,403,000.

Cost of Sales

In the third quarter of 2010, the company began producing inventories in anticipation of the launch of tesamorelin in the United States. The cost of sales related to this production totaled $120,000. There were no costs related to the production of tesamorelin in the corresponding period of 2009.

R&D Activities

Research and development (“R&D”) expenses net of tax credits, totaled $2,591,000 for the third quarter of 2010, compared to $5,523,000 in 2009. For the nine-month period ended August 31, 2010, R&D expenses were $10,892,000 compared to $16,598,000 in 2009, a decrease of 34.4%. The R&D expenses incurred in the third quarter of 2010 are mainly related to the pursuit of the regulatory filing for tesamorelin with the FDA. The expenses incurred in the third quarter of 2009, in addition to expenses related to the pursuit of the regulatory filing described above, included a non-recurring charge of $1,395,000 related to a write-down of research supplies produced in order to obtain stability data and to validate the manufacturing process for commercial purposes, as required by the FDA. The expenses incurred in the nine-month period ended August 31, 2009, also included costs associated with completing the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy.

Selling and Market Development Expenses

Selling and market development expenses amounted to $524,000 for the third quarter of 2010, compared to $498,000 in 2009. For the nine-month period ended August 31, 2010, selling and market development expenses amounted to $1,909,000, compared to $5,793,000 in 2009. The 2010 selling and market development expenses are principally composed of business development and market research outside the United States and the costs of managing the agreement with EMD Serono. In 2009, the Company incurred first-quarter expenses totalling $4,269,000 in connection with professional fees related to the transaction with EMD Serono.

General and Administrative Expenses

For the third quarter of 2010, general and administrative expenses amounted to $2,262,000 compared to $1,488,000 in 2009. For the nine-month period ended August 31, 2010, general and administrative expenses amounted to $5,966,000 compared to $4,980,000 in 2009. The higher expenses in the third quarter of 2010 are principally due to professional fees associated with the recruitment of the new President and Chief Executive Officer and variations in stock-based compensation expenses. In addition, higher expenses in the nine-month period reflect increased corporate communication activities associated with the FDA Advisory Committee meeting as well as an increase in other administrative expenses. The expenses for the nine-month period in 2009 include costs associated with revising the Company's business plan.

Net Financial Income

Finance income in the third quarter of 2010 amounted to $435,000 compared to $547,000 in 2009. Finance income in the nine-months ended August 31, 2010 was $1,522,000 compared to $1,724,000 in 2009. The year-over-year declines are due to lower average cash positions and a decrease in yield on our bond portfolio. Finance costs are largely a function of exchange rate fluctuations. In the third quarter of 2010 finance costs were $12,000 compared to a gain of $140,000 in 2009. Finance costs in the nine-month period ended August 31, 2010 were $155,000 compared to $605,000 in 2009. The higher finance costs in 2009 include a first-quarter exchange loss of $416,000 incurred upon the conversion of the initial payment from EMD Serono to Canadian dollars.

Net Results

Reflecting the changes in revenues and expenses described above, the Company recorded a third quarter net loss of $3,357,000 ($0.06per share) compared to net earnings of $5,779,000 ($0.10 per share) in 2009. For the nine-month period ended August 31, 2010, the net loss was $12,369,000 ($0.20 per share) compared to a net loss of $10,502,000 (0.17 per share) in 2009.

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.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			2008[1]
	Q3 amended	Q2 amended	Q1 amended	Q4 amended	Q3 amended	Q2 amended	Q1 amended	Q4
Revenues	**$ 1,717**	$ 1,717	$ 1,717	$ 1,718	$ 12,601	$ 1,717	$ 1,432	$ 616
Net (loss) earnings	**$ (3,357)**	$ (4,771)	$ (4,241)	$ (4,654)	$ 5,779	$ (5,454)	$ (10,827)	$ (15,145)
Basic and diluted (loss) earnings per share	**$ (0.06)**	$ (0.08)	$ (0.07)	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)

(1) Theratechnologies adopted IFRS in fiscal 2010 with a transition date of December 1, 2008. Consequently, the selected financial information for the year ended November 30, 2008, as presented in our 2009 Audited Consolidated Financial Statements, which were presented in conformity with Canadian GAAP, was not restated in accordance with IFRS and accordingly, is not comparable with the information for fiscal 2010 and 2009.

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At August 31, 2010, cash and bonds amounted to $43,419,000, and tax credits and grants receivable amounted to $181,000, for a total of $43,600,000.

For the three-month period ended August 31, 2010, cash used for operating activities, excluding changes in operating assets and liabilities, was $2,629,000, compared to a cash flow of $6,185,000 in 2009. For the nine-month period ending August 31, 2010, cash used for operating activities, excluding changes in operating assets and liabilities, was $10,877,000 compared to $9,214,000 in 2009.

Contingency

On July 26, 2010, the Company received a motion of authorization to institute a class action against the Company and certain of its executive officers (the "Motion"). The Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose a material change. The Company is of the view that the allegations contained in the motion are entirely without merit and intends to take all appropriate actions to vigorously defend its position. As of October 11, 2010, the motion has not yet been heard by the Superior Court of Quebec.

Subsequent events

Except for changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after October 12, 2010, the date of the filing of the MD&A prepared in accordance with Canadian GAAP. The annual MD&A of the Company prepared in accordance with IFRS has been filed concurrently with this amended MD&A. This amended MD&A should be read in conjunction with the November 30, 2010 annual financial statements and the related MD&A for additional disclosures with respect to subsequent events.

Transition to IFRS

The Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended August 31, 2010, the comparative information for the period ended August 31, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in note 8 of the amended unaudited interim consolidated financial statements for the periods ended August 31, 2010 and 2009.

Outstanding Share Data

On October 8, 2010, the number of shares issued and outstanding was 60 511 598 while outstanding options granted under the stock option plan were 2 853 638.

Contractual Obligations

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 2009 Annual Report.

Forward-Looking Information

This MD&A for the third quarter 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA, the receipt of milestone payments and/or royalties under the agreement entered into with EMD Serono, the potential decrease in the adjusted burn rate, and the completion of a conversion plan to IFRS. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the risk that the payment of milestones is delayed or not received or that the royalties from the sale of tesamorelin are not received, and the risk that unexpected expenses increase the adjusted burn rate.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States will be successful, and unexpected expenses will not result in an adjusted burn rate increase.

Consequently, the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this MD&A.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009. This MD&A is dated October 12, 2010, and has been approved by the Audit Committee.

Exhibit 99.14

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Nine-month periods ended August 31, 2010 and 2009

THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Periods ended August 31, 2010 and 2009

Financial Statements

THERATECHNOLOGIES INC.
Consolidated Balance Sheets
(Unaudited)

August 31, 2010 and November 30, 2009
(in thousands of dollars)

	August 31, 2010	November 30, 2009
Assets		
Current assets:		
Cash	$ 2,370	$ 1,519
Bonds	1,694	10,036
Accounts receivable	131	375
Tax credits receivable	514	1,666
Inventories	4,585	2,225
Research supplies	283	287
Prepaid expenses	680	302
	10,257	16,410
Bonds	39,355	51,807
Property and equipment	1,106	1,229
Other assets	41	41
	$ 50,759	$ 69,487
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 3,823	$ 5,901
Current portion of deferred revenues (note 7)	6,849	6,847
	10,672	12,748
Deferred revenues (note 7)	8,557	13,691
Deferred lease inducements	167	—
Shareholders' equity:		
Capital stock (note 3)	279,389	279,169
Contributed surplus	7,356	6,484
Accumulated other comprehensive income	872	1,282
Deficit	(256,254)	(243,887)
	(255,382)	(242,605)
Total shareholders' equity	31,363	43,048
Contingency (note 4)		
	$ 50,759	$ 69,487

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Operations
(Unaudited)

Periods ended August 31, 2010 and 2009
(in thousands of dollars, except per share amounts)

	August 31,		August 31,	
	2010	2009	2010	2009
	(3 months)		(9 months)	
Revenues:				
Royalties, technologies and other (note 7)	$ 1,717	$ 12,601	$ 5,151	$ 15,750
Interest	435	547	1,522	1,724
	2,152	13,148	6,673	17,474
Operating costs and expenses:				
Research and development	2,930	5,681	11,298	17,692
Tax credits	(448)	(294)	(783)	(1,384)
	2,482	5,387	10,515	16,308
General and administrative	2,225	1,337	6,083	5,515
Cost of Sales	120	—	120	—
Selling and market development	521	495	1,901	1,516
Patents	81	105	421	226
Fees associated with collaboration and licensing agreement (note 7)	—	—	—	4,269
	5,429	7,324	19,040	27,834
(Net loss) net earnings	$ (3,277)	$ 5,824	$ (12,367)	$ (10,360)
Basic and diluted (loss) earnings per share (note 3 (d))	$ (0.05)	$ 0.10	$ (0.20)	$ (0.17)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Comprehensive Loss
(Unaudited)

Periods ended August 31, 2010 and 2009
(In thousands of dollars)

	August 31,		August 31,	
	2010	2009	2010	2009
	(3 months)		(9 months)	
(Net loss) net earnings	$ (3,277)	$ 5,824	$ (12,367)	$ (10,360)
Unrealized gains (losses) on available-for-sale financial assets	586	342	(151)	1,327
Reclassification adjustment for gains and losses on available-for-sale financial assets	(65)	(48)	(259)	(118)
Comprehensive (loss) earnings	$ (2,756)	$ 6,118	$ (12,777)	$ (9,151)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity
(Unaudited)

Nine-month period ended August 31, 2010
(In thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2009	60,429,393	$279,169	$ 6,484	$ 1,282	$(243,887)	$ 43,048
Issuance of share capital (note 3)	2,880	15	—	—	—	15
Exercise of stock options:						
Cash proceeds	77,493	128	—	—	—	128
Ascribed value	—	77	(77)	—	—	—
Stock-based compensation	—	—	949	—	—	949
Net loss	—	—	—	—	(12,367)	(12,367)
Unrealized gains on available-for- sale financial assets	—	—	—	(410)	—	(410)
Balance, August 31, 2010	60,509,766	$279,389	$ 7,356	$ 872	$(256,254)	$ 31,363

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity, Continued
(Unaudited)

Nine-month period ended August 31, 2009
(In thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,230)	$ 46,946
Issuance of share capital (note 2 (a))	—	—	—	—	(599)	(599)
Share issue costs (notes 3 and 7)	2,182,387	9,861	—	—	—	9,861
Stock-based compensation	—	—	705	—	—	705
Net loss	—	—	—	—	(10,360)	(10,360)
Unrealized gains on available- for-sale financial assets	—	—	—	1,209	—	1,209
Balance, August 31, 2009	60,397,477	$279,080	$ 6,290	$ 1,581	$(239,189)	$ 47,762

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

Periods ended August 31, 2010 and 2009
(in thousands of dollars)

	August 31,		August 31,	
	2010	2009	2010	2009
	(3 months)		(9 months)	
Cash flows from operating activities:				
Net loss	$ (3,277)	$ 5,824	$ (12,367)	$ (10,360)
Adjustments for:				
Amortization of property and equipment	92	157	374	441
Lease inducements and amortization	125	—	167	—
Stock-based compensation	431	205	949	705
	(2,629)	6,186	(10,877)	(9,214)
Changes in operating assets and liabilities:				
Interest receivable on bonds	317	74	696	(728)
Accounts receivable	45	56	244	415
Tax credits receivable	1,488	(293)	1,152	(1,383)
Inventories	(89)	—	(2,360)	(1,594)
Research supplies	(12)	1,797	4	2,023
Prepaid expenses	(17)	(200)	(378)	(326)
Accounts payable and accrued liabilities	(3,216)	(922)	(1,950)	(2,590)
Deferred revenues	(1,714)	(1,715)	(5,132)	22,252
	(3,198)	(1,203)	(7,724)	18,069
	(5,827)	4,983	(18,601)	8,855
Cash flows from financing activities:				
Share issuance	37	—	143	9,861
Share issue costs	—	—	—	(8)
	37	—	143	9,853
Cash flows from investing activities:				
Additions to property and equipment	(43)	(55)	(379)	(290)
Acquisition of bonds	—	—	—	(19,631)
Disposal of bonds	4,706	3,963	19,688	13,805
	4,663	3,908	19,309	(6,116)
Net (decrease) increase in cash	(1,127)	8,891	851	12,592
Cash, beginning of period	3,497	3,834	1,519	133
Cash, end of period	$ 2,370	$ 12,725	$ 2,370	$ 12,725

See note 5 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation of its results. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The same accounting policies as described in the Company's latest annual report have been used. However, these financial statements do not include all disclosures required under GAAP and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest annual report. These interim financial statements have not been reviewed by the auditors.

2. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets as at December 1, 2008 by $599, which is the amount of patent costs related to periods prior to these dates.

Lease inducements

Lease inducements arising from leasehold improvements allowance and rent-free inducements received are deferred and amortized over the term of the lease on a straight-line basis.

2. New accounting policies (continued):

(b) Future accounting changes:

International Financial Reporting Standards

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, will converge with International Financial Reporting Standards ("IFRS"), for financial periods beginning on and after January 1, 2011 with the option to early adopt IFRS upon receipt of approval from the Canadian Securities regulatory authorities.

The Company's mandatory changeover from current Canadian GAAP to IFRS applies to the fiscal year beginning December 1, 2011. However, the Company plans to file an exemption with the Canadian securities regulatory authorities to early adopt IFRS beginning December 1, 2009, the change over date. The Company intends to file its November 30, 2010 financial statements under IFRS with December 1, 2008 being the proposed transition date. Should the exemption be granted, the comparative annual period for fiscal 2009 will be restated under IFRS as will all quarterly filings for 2009 and 2010.

3. Capital stock:

During the second quarter of 2010, the Company received subscriptions in the amount of $15 ($7 for the same period in 2009) for the issue of 2,880 common shares (2,550 for the same period in 2009) in connection with its share purchase plan.

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(a) Shareholder rights plan (continued):

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for no less than 60 days. If, at the end of the 60-day period, at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) Stock option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the nine-month period ended August 31, 2010 were as follows:

	Number	Weighted average exercise price per share
Options as at November 30, 2008	2,161,800	$ 6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009	2,665,800	5.20
Granted	335,000	4.03
Cancelled and expired	(60,337)	6.32
Exercised	(77,493)	1.65
Options as at August 31, 2010	2,862,970	$ 5.14

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(c) Stock-based compensation and other stock-based payments:

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.49%	1.80%
Volatility	81%	79%
Average option life in years	6	6
Dividend yield	Nil	Nil

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time that similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended August 31, 2010 and 2009:

Periods ended August 31 (9 months)	Number of options	Weighted average grant-date fair value
2010	335,000	$ 2.83
2009	660,500	1.24

Periods ended August 31 (3 months)	Number of options	Weighted average grant-date fair value
2010	70,000	$ 3.36
2009	—	—

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(d) Diluted (loss) earnings per share:

The following table presents a reconciliation between basic and diluted (loss) earnings per share:

	August 31,		August 31,	
	2010	2009	2010	2009
	(3 months)		(9 months)	
Basic (loss) earnings per share:				
Basic weighted average number of common shares outstanding	60,502,515	60,397,477	60,469,621	60,284,591
Basic (loss) earnings per share	$ (0.05)	$ 0.10	$ (0.20)	$ (0.17)
Diluted (loss) earnings per share:				
Basic weighted average number of common shares outstanding	60,502,515	60,397,477	60,469,621	60,284,591
Plus impact of stock options	—	237,498	—	—
Diluted weighted average number of common shares outstanding	60,502,515	60,634,975	60,469,621	60,284,591
Diluted (loss) earnings per share	$ (0.05)	$ 0.10	$ (0.20)	$ (0.17)

(in thousands of dollars, except per share amounts)

4. Contingency:

On July 26, 2010, the Company received a motion of authorization to institute a class action against the Company and certain of its executive officers (the "Motion"). This Motion was filed in the Superior Court of Quebec, district of Montreal. The applicant is seeking to initiate a class action suit to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This applicant alleges that the Company did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose a material change. The Company is of the view that the allegations contained in the Motion are frivolous and entirely without merit and intends to take all appropriate actions to vigorously defend its position.

As of October 11, 2010, the Motion has not yet been heard by the Superior Court of Quebec.

The Company subscribed insurances covering the responsibility of its administrators and officers in the exercise of their functions.

5. Supplemental information:

(a) The following transactions were conducted by the Company and did not impact cash flows:

	August 31, 2010	November 30, 2009
Additions to property and equipment included in accounts payable and accrued liabilities	$ 55	$ 183

(b) For the nine-month period ended August 31, 2010, the Company has reclassified in net loss $259 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income ($118 in 2009).

On August 31, 2010, the accumulated other comprehensive loss was composed of unrealized gains on available-for-sale financial assets of $872 (gains of $1,282 on November 30, 2009).

(in thousands of dollars, except per share amounts)

5. Supplemental information (continued):

(c) For the periods ended August 31, 2010 and 2009, the following items were included in the determination of the Company's net loss:

	2010	2009
Amortization of property and equipment	$ 374	$ 441
Stock-based compensation	949	705

6. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of these instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable.

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $144 ($580 in 2009) for the nine-month period ended August 31, 2010.

7. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). The Company retains all tesamorelin commercialization rights outside of the United States.

7. Collaboration and licensing agreement (continued):

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the nine-month period ended August 31, 2010, an amount of $5,134 related to this transaction was recognized as revenue. At August 31, 2010, the deferred revenues related to this transaction amounted to $15,403.

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application (“NDA”) made by the Company for tesamorelin. Under the terms of the Company’s Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

EXPLANATORY NOTE

This amended Management's Discussion and Analysis ("MD&A'') for the three-month and six-month periods ended May 31, 2010 and May 31, 2009 reflects the Company's adoption of International Financial Reporting Standards ("IFRS''), as issued by the International Accounting Standards Board ("IASB''). The Company originally filed a MD&A for the three-month and six-month periods ended May 31, 2010 and May 31, 2009 on July 7, 2010. That MD&A was based on financial statements prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP''). In the fourth quarter of 2010, the Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing amended interim consolidated financial statements and this amended MD&A to comply with this approval.

This amended MD&A continues to describe conditions, trends results and outlook as of July 7, 2010, which was the date of the original MD&A. Except for the changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after July 7, 2010 and the Company has not modified or updated the discussion and analysis from its original filing.

This amended MD&A and the amended interim consolidated financial statements for the three-month and six-month periods ended May 31, 2010 and 2009 supersede the Company's original filings and should be read in conjunction with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and six-month periods ended May 31, 2010

The following amended MD&A provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), for the three-month and six-month periods ended May 31, 2010, as compared to the three-month and six-month periods ended May 31, 2009. This view contains certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. The amended unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This amended MD&A should be read in conjunction with the amended unaudited interim consolidated financial statements of the Company and the notes thereto as at May 31, 2010, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2010. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The Company's growth strategy is centered upon the development of tesamorelin. In late 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono") (an affiliate of Merck KGaA, Darmstadt, Germany), for the exclusive commercialization rights to tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

The principal strategic objective of Theratechnologies is to obtain regulatory approval for tesamorelin in this indication and good progress was made in the second quarter by participating in the U.S. Food and Drug Administration ("FDA" or the "Agency") Endocrinologic and Metabolic Drugs Advisory Committee. On May 27, 2010, the Committee recommended by a 16 to 0 unanimous vote that tesamorelin be granted marketing approval by the FDA for this treatment.

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Although advisory committees provide their recommendations to the FDA, the final decisions on marketing approvals are made by the Agency. The FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin New Drug Application ("NDA"), will be July 27, 2010. If tesamorelin is approved, the Company expects to receive regulatory milestone payments, royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the U.S.

In addition, Theratechnologies has begun building inventory in preparation for the launch of tesamorelin in the U.S., in the event of FDA approval. In the coming months, the Company will continue building inventory.

Revenues

Consolidated revenues for the three-month period ended May 31, 2010, amounted to $1,717,000, compared to $1,717,000 in 2009. For the six-month period ended May 31, 2010, consolidated revenues were $3,434,000, compared to $3,149,000 in 2009. The increased revenues for the six-month period in 2010 are related to a longer amortization period (6 months in 2010 versus 5.5 months in 2009) for the initial payment received within the collaboration and licensing agreement with EMD Serono.

The initial payment received upon the closing of the agreement with EMD Serono of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended May 31, 2010, an amount of $1,712,000 ($1,711,000 in 2009) was recognized as revenue related to this transaction, while an amount of $3,423,000 was recognized as revenue for the six-month period related to this transaction ($3,137,000 in 2009). At May 31, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $17,114,000.

R&D Activities

Research and development ("R&D") expenses net of tax credits totaled $4,178,000 for the second quarter of 2010, compared to $5,355,000 in 2009. For the six-month period ended May 31, 2010, R&D expenses net of tax credits were $8,301,000 compared to $11,075,000 in 2009, representing a decrease of 25.0%. The R&D expenses incurred in the second quarter of 2010 are mainly related to regulatory activities connected with the preparation for the FDA Advisory Committee meeting, whereas the expenses incurred in the second quarter of 2009 were principally related to the end of the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy and the preparation of the NDA which was submitted to the FDA in May 2009. This explains the significant reduction in R&D expenses in accordance with the Company's plans.

Selling and Market Development Expenses

Selling and market development expenses amounted to $765,000 for the second quarter of 2010, compared to $545,000 in 2009. For the six-month period ended May 31, 2010, selling and market development expenses amounted to $1,385,000, compared to $5,295,000 in 2009. The 2010 selling and market development expenses are principally composed of business development and market research outside the United States and the costs of managing the agreement with EMD Serono. In 2009, the Company incurred first-quarter expenses totalling $4,269,000 in connection with professional fees related to the transaction with EMD Serono.

General and Administrative Expenses

For the second quarter of 2010, general and administrative expenses amounted to $1,959,000, compared to $1,555,000 in 2009. For the six-month period ended May 31, 2010, general and administrative expenses amounted to $3,704,000, compared to $3,492,000 in 2009. The increase in the second quarter of 2010 is due to increased corporate communication activities associated with the FDA Advisory Committee meeting. Expenses in the six-month period in 2009 include costs associated with revising the Company's business plan.

Net Financial Income

Finance income in the second quarter of 2010 amounted to $509,000 compared to $600,000 in 2009. Finance income in the six-month period ended May 31, 2010 was $1,087,000 compared to $1,177,000 in 2009. The year-over-year declines are due to lower average cash positions and a decrease in yield on our bond portfolio. Finance costs in the second quarter of 2010 were $95,000 compared to $316,000 in 2009. Finance costs in the six-month period ended May 31, 2010 were $143,000 compared to $745,000 in 2009. The higher finance costs in 2009 are due to foreign exchanges fluctuations and include a first-quarter exchange loss of $416,000 incurred upon the conversion of the initial payment from EMD Serono to Canadian dollars.

Net Loss

Reflecting the changes in revenues and expenses described above, the Company recorded a second quarter net loss of $4,771,000 ($0.08 per share), compared to a net loss of $5,454,000 ($0.09 per share) in 2009. For the six-month period ended May 31, 2010, the net loss was $9,012,000 ($0.15 per share), compared to a net loss of $16,281,000 ($0.27 per share) in 2009.

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.

(in thousands of Canadian dollars, except per share amounts)

	2010			2009			2008 (1)
	Q2 amended	Q1 **amended**	Q4 **amended**	Q3 **amended**	Q2 **amended**	Q1 **amended**	Q4	Q3
Revenues	**$ 1,717**	$ 1,717	$ 1,718	$ 12,601	$ 1,717	$ 1,432	$ 616	$ 710
Net (loss) earnings	**$ (4,771)**	$ (4,241)	$ (4,654)	$ 5,779	$ (5,454)	$ (10,827)	$ (15,145)	$ (11,220)
Basic and diluted (loss) earnings per share	**$ (0.08)**	$ (0.07)	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)

(1) Theratechnologies adopted IFRS in fiscal 2010 with a transition date of December 1, 2008. Consequently, the selected financial information for the year ended November 30, 2008, as presented in our 2009 Audited Consolidated Financial Statements, which were presented in conformity with Canadian GAAP, was not restated in accordance with IFRS and accordingly, is not comparable with the information for fiscal 2010 and 2009.

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At May 31, 2010, cash and bonds amounted to $49,048,000, and tax credits and grants receivable amounted to $1,669,000, for a total of $50,717,000.

For the three-month period ended May 31, 2010, cash used for operating activities, excluding changes in operating assets and liabilities, was $4,387,000, compared to $4,987,000 in 2009. For the six-month period ending May 31, 2010, cash used for operating activities, excluding changes in operating assets and liabilities, was $8,248,000, compared to $15,399,000 in 2009.

Subsequent events

Except for changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after July 7, 2010, the date of the filing of the MD&A prepared in accordance with Canadian GAAP. The annual MD&A of the Company prepared in accordance with IFRS has been filed concurrently with this amended MD&A. This amended MD&A should be read in

conjunction with the November 30, 2010 annual financial statements and the related MD&A for additional disclosures with respect to subsequent events.

Transition to IFRS

The Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended May 31, 2010, the comparative information for the period ended May 31, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in note 8 of the amended unaudited interim consolidated financial statements for the periods ended May 31, 2010 and 2009

Outstanding Share Data

On July 6, 2010, the number of shares issued and outstanding was 60,497,934, while outstanding options granted under the stock option plan were 2,897,472.

Contractual Obligations

There were no material changes in contractual obligations during the first six months of the year, 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 2009 Annual Report.

Forward-Looking Information

This MD&A for the second quarter of 2010 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA, the receipt of milestone payments and/or royalties under the agreement entered into with EMD Serono, the filing of a New Drug Submission in Canada, the potential increase in the adjusted burn rate, and the completion of a conversion plan to IFRS. Furthermore, the words “will”, “may”, “could”, “should”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or variations of them 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 risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the risk that the payment of milestones is delayed or not received or that the royalties from the sale of tesamorelin are not received, the risk that the preparation of a New Drug Submission in Canada is delayed or is not completed, and the risk that the Company is unable to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States will be successful, no issue will occur in the preparation of a New Drug Submission in Canada, and the Company is able to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this MD&A.

Investors are referred to the Company’s public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the “Risk and Uncertainties” section of the Company’s Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009. This MD&A is dated July 7, 2010, and has been approved by the Audit Committee.

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Exhibit 99.16

Amended Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Six-month periods ended May 31, 2010 and 2009

THERATECHNOLOGIES INC.
Amended Consolidated Financial Statements
(Unaudited)

Six-month periods ended May 31, 2010 and 2009

Amended Financial Statements

EXPLANATORY NOTE

These amended unaudited consolidated financial statements of Theratechnologies Inc. (the “Company”) for the six-month periods ended May 31, 2010 and 2009 reflect the Company’s adoption of International Financial Reporting Standards ("IFRS’’), as issued by the International Accounting Standards Board ("IASB’’). In the fourth quarter of 2010, The Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing these amended consolidated financial statements to comply with this approval.

The Company’s Audit Committee originally approved the unaudited consolidated financial statements for the six-month periods ended May 31, 2010 and 2009 on July 6, 2010 and those financial statements were filed on July 7, 2010. Those financial statements were prepared in accordance with generally accepted accounting principles in Canada (“Canadian GAAP”). Except for the changes related to the Company’s adoption of IFRS, these amended unaudited consolidated financial statements do not reflect events occurring after July 7, 2010. These amended unaudited consolidated financial statements supersede the Company’s original filing and should be read in connection with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

THERATECHNOLOGIES INC.
Consolidated Statement of Financial Position
(Unaudited)

May 31, 2010, November 30, 2009 and December 1, 2008
(in thousands of Canadian dollars)

	Note	May 31, 2010	November 30, 2009	December 1, 2008
		$	$	$
Assets				
Current assets:				
Cash		3,497	1,519	133
Bonds		5,292	10,036	10,955
Trade and other receivables		176	375	610
Tax credits and grants receivable		1,669	1,333	1,451
Inventories		4,496	2,225	—
Prepaid expenses		975	630	739
Total current assets		16,105	16,118	13,888
Non-current assets:				
Bonds		40,259	51,807	35,249
Property and equipment		1,161	1,229	1,299
Other assets		—	—	2,776
Total non-current assets		41,420	53,036	39,324
Total assets		57,525	69,154	53,212
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		6,712	5,568	6,865
Current portion of deferred revenue	4	6,852	6,847	—
Total current liabilities		13,564	12,415	6,865
Non-current liabilities:				
Other liabilities		42	—	—
Deferred revenue	4	10,268	13,691	—
Total non-current liabilities		10,310	13,691	—
Total liabilities		23,874	26,106	6,865
Equity				
Share capital	5	279,329	279,169	269,219
Contributed surplus		7,143	6,757	5,760
Deficit		(253,172)	(244,160)	(229,004)
Accumulated other comprehensive income		351	1,282	372
Total equity		33,651	43,048	46,347
Subsequent events	7			
Total liabilities and equity		57,525	69,154	53,212

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Comprehensive Income
(Unaudited)

Six-month periods ended May 31, 2010 and 2009
(in thousands of Canadian dollars, except per share amounts)

	Note	May 31, 2010 (3 months) $	May 31, 2009 (3 months) $	May 31, 2010 (6 months) $	May 31, 2009 (6 months) $
Revenue:					
Research services:					
Upfront payments and initial technology access fees	4	1,712	1,711	3,423	3,137
Royalties and license fees		5	6	11	12
Total revenue		1,717	1,717	3,434	3,149
Research and development expenses, net of tax credits of $167 (2009 - $422) for the three-month period and $335 (2009 - $1,090) for the six-month period		4,178	5,355	8,301	11,075
Selling and market development expenses		765	545	1,385	5,295
General and administrative expenses		1,959	1,555	3,704	3,492
Total operating expenses		6,902	7,455	13,390	19,862
Results from operating activities		(5,185)	(5,738)	(9,956)	(16,713)
Finance income		509	600	1,087	1,177
Finance costs		(95)	(316)	(143)	(745)
Total net financial income		414	284	944	432
Net loss		(4,771)	(5,454)	(9,012)	(16,281)
Other comprehensive loss, net of tax:					
Net change in fair value available-for-sale financial assets, net of tax		(740)	668	(737)	985
Net change in fair value available-for-sale financial assets transferred to net loss, net of tax		(94)	(47)	(194)	(70)
		(834)	621	(931)	915
Total comprehensive loss for the period		(5,605)	(4,833)	(9,943)	(15,366)
Basic and diluted loss per share	5	(0.08)	(0.09)	(0.15)	(0.27)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity
(Unaudited)

Six-month period ended May 31, 2010
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2009		60,429,393	279,169	6,757	1,282	(244,160)	43,048
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(9,012)	(9,012)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	(737)	—	(737)
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(194)	—	(194)
Total comprehensive loss for the period		—	—	—	(931)	(9,012)	(9,943)
Transactions with owners, recorded directly in equity:							
Issue of common shares		2,880	15	—	—	—	15
Share-based compensation for stock option plan	5(c)	—	—	440	—	—	440
Exercise of stock option:							
Monetary consideration	5(c)	55,161	91	—	—	—	91
Attributed value	5(c)	—	54	(54)	—	—	—
Total contributions by owners		58,041	160	386	—	—	546
Balance as at May 31, 2010		60,487,434	279,329	7,143	351	(253,172)	33,651

(i) Accumulated other comprehensive income.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity, Continued
(Unaudited)

Six-month period ended May 31, 2009
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2008		58,215,090	269,219	5,760	372	(229,004)	46,347
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(16,281)	(16,281)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	985	—	985
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(70)	—	(70)
Total comprehensive loss for the period		—	—	—	915	(16,281)	(15,366)
Transactions with owners, recorded directly in equity:							
Issue of common shares	4	2,182,387	9,861	—	—	—	9,861
Share-based compensation plan:							
Share-based compensation for stock option plan	5(c)	—	—	598	—	—	598
Total contributions by owners		2,182,387	9,861	598	—	—	10,459
Balance as at May 31, 2009		60,397,477	279,080	6,358	1,287	(245,285)	41,440

(i) Accumulated other comprehensive income.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Cash Flows
(Unaudited)

Six-month periods ended May 31, 2010 and 2009
(in thousands of Canadian dollars)

	Note	May 31, 2010 (3 months) $	May 31, 2009 (3 months) $	May 31, 2010 (6 months) $	May 31, 2009 (6 months) $
Operating activities:					
Net loss		(4,771)	(5,454)	(9,012)	(16,281)
Adjustments for:					
Depreciation of property and equipment		135	147	282	284
Share-based compensation		207	320	440	598
Lease inducements and amortization		42	—	42	—
Operating activities before changes in operating assets and liabilities		(4,387)	(4,987)	(8,248)	(15,399)
Change in accrued interest income on bonds		216	167	379	(802)
Change in trade and other receivables		105	283	199	334
Change in tax credits and grants receivable		(167)	(421)	(2)	(756)
Change in inventories		(2,245)	—	(2,271)	(1,594)
Change in prepaid expenses		50	(53)	(345)	(523)
Change in other assets		—	79	—	647
Change in accounts payable and accrued liabilities		3,045	(1,542)	932	(2,002)
Change in deferred revenue		(1,715)	(1,714)	(3,418)	23,967
		(711)	(3,201)	(4,526)	19,271
Cash flows from operating activities		(5,098)	(8,188)	(12,774)	3,872
Financing activities:					
Proceeds from issue of share capital		15	7	15	9,861
Proceeds from exercise of stock options		53	—	91	—
Share issue costs		—	—	—	(8)
Cash flows from financing activities		68	7	106	9,853
Investing activities:					
Acquisition of property and equipment		(161)	(133)	(336)	(235)
Proceeds from sale of bonds		5,356	5,257	14,982	9,842
Acquisition of bonds		—	—	—	(19,631)
Cash flows from (used in) investing activities		5,195	5,124	14,646	(10,024)
Net change in cash		165	(3,057)	1,978	3,701
Cash as at December 1		3,332	6,891	1,519	133
Cash as at May 31		3,497	3,834	3,497	3,834

See note 6 for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Reporting entity:

Theratechnologies Inc. is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company'' and individually as "the subsidiaries of the Company'').

Theratechnologies Inc. is incorporated under Part 1A of the Québec *Companies Act* and is domiciled in Quebec, Canada. The Company is located at 2310 boul. Alfred-Nobel, Montreal, Quebec, H4S 2B4.

2. Basis of preparation:

(a) Statement of compliance:

These amended interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs'') as issued by the International Accounting Standards Board ("IASB''). The Company's first IFRS financial statements were for the annual period ended November 30, 2010 and were prepared using December 1, 2008 as the date of transition. In preparing the accompanying amended interim financial statements, the Company applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* as disclosed in note 8.

These amended interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. However, they should not be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended November 30, 2009 as those were prepared in accordance with Canadian GAAP. The Company's interim consolidated financial statements as previously filed were also prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these amended interim consolidated financial statements, management amended the accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The Company's annual consolidated financial statements as at November 30, 2010 and 2009 and for the years then ended have been concurrently filed with these amended unaudited interim consolidated financial statements. The same accounting policies as described in note 3 of these amended interim consolidated financial statements were used. The comparative figures for 2009 were also restated to reflect these adjustments.

2. Basis of preparation (continued):

(a) Statement of compliance (continued):

Certain information and footnote disclosures which are considered material to the understanding of the Company's amended interim consolidated financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are presented in note 3 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income presented in note 8. These amended interim consolidated financial statements do not include all disclosures required under IFRS and accordingly should be read in connection with the aforementioned annual financial statements and the notes thereto. These amended interim consolidated financial statements have not been reviewed by the Company's auditors.

These amended unaudited interim consolidated financial statements were authorized for issue by the Audit Committee on February 8, 2011.

(b) Basis of measurement:

The Company's consolidated financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets which are measured at fair value.

The methods used to measure fair value are discussed in note 22 included in the Company's annual financial statements dated February 8, 2011.

(c) Functional and presentation currency:

These amended interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements:

The preparation of the Company's amended interim consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgements in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the amended interim consolidated financial statements relate to the timing of revenue recognition, the valuation of share-based compensation and the realizability of deferred income tax assets.

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued):

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and the capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these amended interim consolidated financial statements and in preparing the opening IFRS statement of financial position at December 1, 2008, the date of transition to IFRSs.

The accounting policies have been applied consistently by the subsidiaries of the Company.

(a) Basis of consolidation:

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable currently are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Reciprocal balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

(b) Foreign currency:

Transactions in foreign currencies are translated to the respective functional currencies of the subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on translation are recognized in net profit (loss), except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue recognition:

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under the collaboration agreement may include upfront payments, milestone payments, research services, royalties and license fees. Revenues for each unit of accounting are recorded as described below:

(i) Sale of goods:

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Royalties and license fees:

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

3. Significant accounting policies (continued):

(c) Revenue recognition (continued):

(iii) Research services:

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

(a) Upfront payments and initial technology access fees:

Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

(b) Milestone payments:

Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

(d) Cost of sales:

Cost of sales represents the cost of goods sold and includes the cost of raw materials, supplies, direct overhead charges, unallocated indirect costs related to production as well as write-down of inventories. Other direct costs such as manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred.

(e) Employee benefits:

Salaries and short-term employee benefits:

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits:

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and unemployment insurance.

3. Significant accounting policies (continued):

(e) Employee benefits (continued):

Termination benefits:

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(f) Finance income and finance costs:

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit (loss), using the effective interest method.

Finance costs are comprised of bank charges, impairment losses on financial assets recognized in profit (loss) and foreign currency gains and losses which are reported on a net basis.

(g) Inventories:

Inventories are presented at the lower of cost, determined using the first-in first-out method, or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

Net realizable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property and equipment:

Recognition and measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

3. Significant accounting policies (continued):

(h) Property and equipment (continued):

Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

Subsequent costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

Depreciation:

The estimated useful lives and the methods of depreciation for the current and comparative periods are as follows:

Asset	Method	Rate/Period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance and straight-line	20% 5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of term of lease or economic life

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted, if appropriate.

3. Significant accounting policies (continued):

(i) Intangible assets:

Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the periods ended May 31, 2010 and 2009, November 30, 2009 and as at December 1, 2008, no development expenditures were capitalized.

(j) Financial instruments:

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has classified cash, and trade and other receivables as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit (loss).

3. Significant accounting policies (continued):

(k) Other assets:

Other assets consist of prepaid expenses for research supplies that are not expected to be used within one year from the date of the consolidated statement of financial position.

Research supplies are purchased in advance, in accordance with specific regulatory requirements, to be used in connection with the Company's clinical trials.

(l) Leases:

Operating lease payments are recognized in net profit (loss) on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvements allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit (loss) over the term of the lease on a straight-line basis.

(m) Impairment:

Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit (loss).

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

3. Significant accounting policies (continued):

(m) Impairment (continued):

Financial assets (continued):

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to net profit (loss). The cumulative loss that is removed from other comprehensive income and recognized in net profit (loss) is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in net profit (loss). Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit (loss), then the impairment loss is reversed, with the amount of the reversal recognized in net profit (loss). However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit''). Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(n) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract. There were no onerous contracts as at May 31, 2010 and 2009, November 30, 2009 and December 1, 2008.

Site restoration:

Where there is a legal or constructive obligation to restore leased premises to good condition, except for normal aging on expiry or early termination of the lease, the resulting costs are provisioned up to the discounted value of estimated future costs and increase the carrying amount of the corresponding item of property and equipment. The Company amortizes the cost of restoring leased premises and recognizes an unwinding of discount expense on the liability related to the term of the lease.

Contingent liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

3. Significant accounting policies (continued):

(o) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net profit (loss), except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Share-based compensation:

The Company records share-based compensation related to employee stock options granted using the fair value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

3. Significant accounting policies (continued):

(p) Share-based compensation (continued):

As permitted by IFRS 1, the Company elected not to restate options that were granted before November 7, 2002 and those granted after November 7, 2002 that were fully vested prior to the date of transition to IFRS.

(q) Government grants:

Government grants, consisting of grants and research investment tax credits, are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

(r) Share capital:

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(s) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS'') data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

(t) New standards and interpretations not yet applied:

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2010 or later periods. Many of these updates are not applicable or are inconsequential to the Company and have been excluded from the discussion below. The remaining pronouncements are being assessed to determine their impact on the Company's results and financial position:

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS:

The IASB's improvements to IFRS published in April 2009 contain fifteen amendments to twelve standards that result in accounting changes for presentation, recognition or measurement purposes largely for annual periods beginning on or after January 1, 2010, with early adoption permitted. These amendments were considered by the Company and deemed to be not applicable to the Company other than for the amendment to IAS 17 — Leases relating to leases which include both land and buildings elements. In this case, the Company early adopted this amendment.

The IASB's improvements to IFRS contain seven amendments that result in accounting changes for presentation, recognition or measurement purposes. The most significant features of the IASB's annual improvements project published in May 2010 are included under the specific revisions to standards discussed below.

(i) IFRS 3:

Revision to IFRS 3, Business Combinations:

Effective for annual periods beginning on or after July 1, 2010, with earlier adoption permitted.

Clarification on the following areas:

- the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.
- application guidance relating to the accounting for share-based payments in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced awards (i.e., unexpired awards over the acquiree shares that remain outstanding rather than being replaced by the acquirer) and voluntarily replaced share-based payment awards.

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS (continued):

(ii) IFRS 7:

Amendment to IFRS 7, Financial Instruments: Disclosures:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Multiple clarifications related to the disclosure of financial instruments and in particular in regards to transfers of financial assets.

(iii) IAS 1:

Amendment to IAS 1, Presentation of Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

Entities may present the analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes to the financial statements.

(iv) IAS 27:

Amendment to IAS 27, Consolidated and Separate Financial Statements:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The 2008 revisions to this standard resulted in consequential amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* , IAS 28, *Investments in Associates,* and IAS 31, *Interests in Joint Ventures.* IAS 27 now provides that these amendments are to be applied prospectively.

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS (continued):

(v) IAS 34:

Amendment to IAS 34, Interim Financial Reporting:

Effective for annual periods beginning on or after January 1, 2011, with earlier adoption permitted.

The amendments place greater emphasis on the disclosure principles for interim financial reporting involving significant events and transactions, including changes to fair value measurements and the need to update relevant information from the most recent annual report.

New or revised standards and interpretations:

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IFRS 8:

IFRS 8, Operating Segments (revised):

Effective for annual periods beginning on or after January 1, 2010.

Requires purchase information about segment assets.

(ii) IFRS 9:

New standard IFRS 9, Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets establishes two primary measurement categories for financial assets: amortized cost and fair value

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

New or revised standards and interpretations (continued):

(ii) IFRS 9 (continued):

New standard IFRS 9, Financial Instruments (continued):

- classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

4. Revenue and deferred revenue:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product"). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

4. Revenue and deferred revenue (continued):

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period for developing a new formulation of the Initial Product. This period may be modified in the future based on additional information that may be received by the Company. For the six-month period ended May 31, 2010, an amount of $3,423 related to this transaction was recognized as revenue. As at May 31, 2010, the deferred revenues related to this transaction amounted to $17,114 (November 30, 2009 — $20,537).

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application (“NDA”) made by the Company for tesamorelin. Under the terms of the Company’s Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the collaboration and licensing agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to an agreement with EMD Serono, to participate in the promotion of the additional indications.

5. Share capital:

During the second quarter of 2010, the Company received subscriptions in the amount of $15 ($7 for the same period in 2009) for the issue of 2,880 common shares (2,550 for the same period in 2009) in connection with its share purchase plan.

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan’’), effective as of that date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan will expire at the close of the Company’s annual meeting of shareholders in 2013.

5. Share capital (continued):

(a) Shareholder rights plan (continued):

The rights issued under the Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the “Permitted Bid” provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for no less than 60 days. If, at the end of 60 days, at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) Share purchase plan:

The Share Purchase Plan entitles full-time and part-time employees of the Company who, on the participation date, are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Company’s outstanding common shares, to directly subscribe for common shares of the Company. Under the Share Purchase Plan, a maximum of 550,000 common shares may be issued to employees.

On May 1 and November 1 of each year (the "Participation Dates’’), an employee may subscribe for a number of common shares under the Share Purchase Plan for an amount that does not exceed 10% of that employee’s gross annual salary for that year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend or defer a subscription of common shares, or to decide that no subscription of common shares will be allowed on a Participation Date if it is in the Company’s best interest.

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

5. Share capital (continued):

(b) Share purchase plan (continued):

The subscription price for each new common share subscribed for under the Share Purchase Plan is equal to the weighted average closing price of the common shares on the Toronto Stock Exchange during a period of five days prior to the Participation Date. Employees may not assign the rights granted under the Share Purchase Plan.

An employee may elect to pay the subscription price for common shares in cash or through an interest-free loan from the Company. Loans granted by the Company under the Share Purchase Plan are repayable through salary withholdings over a period not exceeding two years. All loans may be repaid prior to the scheduled repayment at any time. The loans granted to any employee may at no time exceed 10% of that employee's current annual gross salary. All common shares purchased through an interest-free loan are hypothecated to secure full and final repayment of the loan and are held by a trustee until repayment in full. Loans are immediately due and payable on the occurrence of any of the following events: (i) termination of employment; (ii) sale or seizure of the hypothecated common shares; (iii) bankruptcy or insolvency of the employee; or (iv) suspension of the payment of an employee's salary or revocation of the employee's right to salary withholdings.

At May 31, 2010, $98 (November 30, 2009 — $149; December 1, 2008 — $150) was receivable under these loans.

(c) Stock option plan:

The Company has established a stock option plan under which it can grant to its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period up to 5 years. As at May 31, 2010, 1,017,501 options could still be granted by the Company (May 31 — 1,218,667).

All options are to be settled by physical delivery of shares.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(c) Stock option plan (continued):

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the six-month period ended May 31, 2010 were as follows:

	Number	Weighted average exercise price per share
		$
Options as at December 1, 2008	2,161,800	6.52
Granted	680,500	1.83
Expired	(58,500)	5.16
Forfeited	(118,000)	9.92
Options as at November 30, 2009	2,665,800	5.20
Granted	265,000	3.84
Expired	(10,000)	8.65
Forfeited	(27,667)	3.15
Exercised	(55,161)	1.66
Options as at May 31, 2010	2,837,972	5.15

The fair value of the options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.79%
Volatility	81%	79%
Average option life in years	7.5	7.5
Dividend yield	Nil	Nil
Grant-date share price	$ 3.84	$ 1.83
Option exercise price	$ 3.84	$ 1.83

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(c) Stock option plan (continued):

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time that similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the periods ended May 31, 2010 and 2009:

Periods ended May 31 (6 months)	Number of options	Weighted average grant-date fair value
		$
2010	265,000	2.90
2009	660,500	1.34

Periods ended May 31 (3 months)	Number of options	Weighted average grant-date fair value
		$
2010	—	—
2009	70,000	1.38

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(d) Earnings per share:

The calculation of basic earnings per share at May 31, 2010 was based on the net loss attributable to common shareholders of the Company of ($9,012) (2009 — ($16,281)), and a weighted average number of common shares outstanding of 60,452,993 (2009 — 60,227,527), calculated as follows:

	May 31, 2010	May 31, 2009
Issued common shares at December 1	60,429,343	58,215,090
Effect of share options exercised	23,268	—
Effect of shares issued during the year	332	2,012,437
Weighted average number of common shares at May 31	60,452,943	60,227,527

At May 31, 2010, 1,147,166 options (2009 — 1,393,959) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

6. Supplemental information:

The following transactions were conducted by the Company and did not impact cash flows:

	May 31, 2010	May 31, 2009	November 30, 2009
	$	$	$
Additions to property and equipment included in accounts payable and accrued liabilities	61	9	183

7. Subsequent events:

Except for changes related to the Company's adoption of IFRS, these amended unaudited interim consolidated financial statements do not reflect events occurring after July 7, 2010, the date of the filing of the consolidated financial statements prepared in accordance with Canadian GAAP. The annual audited consolidated financial statements of the Company prepared in accordance with IFRS have been filed concurrently with these amended unaudited interim consolidated financial statements. These amended unaudited interim consolidated financial statements should be read in connection with the annual consolidated financial statements for additional disclosures with respect to subsequent events.

8. Transition to IFRS:

As stated in note 2 (a), the Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended May 31, 2010, the comparative period ended May 31, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at December 1, 2008 and November 30, 2009:

		December 1, 2008				November 30, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		133	—	—	133	1,519	—	—	1,519
Bonds		10,955	—	—	10,955	10,036	—	—	10,036
Trade and other receivables		610	—	—	610	375	—	—	375
Tax credits and grants receivable	(a)	1,784	—	(333)	1,451	1,666	—	(333)	1,333
Inventories		—	—	—	—	2,225	—	—	2,225
Research supplies	(a)	301	—	(301)	—	287	—	(287)	—
Prepaid expenses	(a)	397	—	342	739	302	—	328	630
Total current assets		14,180	—	(292)	13,888	16,410	—	(292)	16,118
Non-current assets:									
Bonds		35,249	—	—	35,249	51,807	—	—	51,807
Property and equipment		1,299	—	—	1,299	1,229	—	—	1,229
Other assets	(a)	2,817	—	(41)	2,776	41	—	(41)	—
Total non-current assets		39,365	—	(41)	39,324	53,077	—	(41)	53,036
Total assets		53,545	—	(333)	53,212	69,487	—	(333)	69,154
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	7,198	—	(333)	6,865	5,901	—	(333)	5,568
Current portion of deferred revenue		—	—	—	—	6,847	—	—	6,847
Total current liabilities		7,198	—	(333)	6,865	12,748	—	(333)	12,415
Non-current liabilities:									
Deferred revenue		—	—	—	—	13,691	—	—	13,691
Total non-current liabilities		—	—	—	—	13,691	—	—	13,691
Total liabilities		7,198	—	(333)	6,865	26,439	—	(333)	26,106
Equity									
Share capital		269,219	—	—	269,219	279,169	—	—	279,169
Contributed surplus	(b)	5,585	175	—	5,760	6,484	273	—	6,757
Deficit	(b)	(228,829)	(175)	—	(229,004)	(243,887)	(273)	—	(244,160)
Accumulated other comprehensive income		372	—	—	372	1,282	—	—	1,282
Total equity		46,347	—	—	46,347	43,048	—	—	43,048
Total liabilities and equity		53,545	—	(333)	53,212	69,487	—	(333)	69,154

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at May 31, 2010 and 2009:

		May 31, 2010				May 31, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		3,497	—	—	3,497	3,834	—	—	3,834
Bonds		5,292	—	—	5,292	12,776	—	—	12,776
Trade and other receivables		176	—	—	176	276	—	—	276
Tax credits and grants receivable	(a)	2,002	—	(333)	1,669	2,874	—	(333)	2,541
Inventories		4,496	—	—	4,496	1,594	—	—	1,594
Research supplies	(a)	271	—	(271)	—	697	—	(697)	—
Prepaid expenses	(a)	663	—	312	975	523	—	958	1,481
Total current assets		16,397	—	(292)	16,105	22,574	—	(72)	22,502
Non-current assets:									
Bonds		40,259	—	—	40,259	44,714	—	—	44,714
Property and equipment		1,161	—	—	1,161	1,211	—	—	1,211
Other assets	(a)	41	—	(41)	—	2,390	—	(261)	2,129
Total non-current assets		41,461	—	(41)	41,420	48,315	—	(261)	48,054
Total assets		57,858	—	(333)	57,525	70,889	—	(333)	70,556
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	7,045	—	(333)	6,712	5,483	—	(333)	5,150
Current portion of deferred revenue		6,852	—	—	6,852	6,853	—	—	6,853
Total current liabilities		13,897	—	(333)	13,564	12,336	—	(333)	12,003
Non-current liabilities:									
Other liabilities		42	—	—	42	—	—	—	—
Deferred revenue		10,268	—	—	10,268	17,114	—	—	17,114
Total non-current liabilities		10,310	—	—	10,310	17,114	—	—	17,114
Total liabilities		24,207	—	(333)	23,874	29,450	—	(333)	29,117
Equity									
Share capital		279,329	—	—	279,329	279,080	—	—	279,080
Contributed surplus	(b)	6,948	195	—	7,143	6,085	272	—	6,357
Deficit	(b)	(252,977)	(195)	—	(253,172)	(245,013)	(272)	—	(245,285)
Accumulated other comprehensive income		351	—	—	351	1,287	—	—	1,287
Total equity		33,651	—	—	33,651	41,439	—	—	41,439
Total liabilities and equity		57,858	—	(333)	57,525	70,889	—	(333)	70,556

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the year ended November 30, 2009:

	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fication	IFRS
		$	$	$	$
Revenue:					
Research services:					
Milestone payments	(c)	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	6,560	6,560
Royalties and license fees	(c)	17,468	—	(17,444)	24
Interest	(c)	2,252	—	(2,252)	—
Total revenue		19,720	—	(2,252)	17,468
Research and development expenses, net of tax credits	(b), (c)	20,431	33	346	20,810
Selling and market development expenses	(b), (c)	2,583	10	4,269	6,862
General and administrative expenses	(b), (c)	7,149	55	(661)	6,543
Patents	(c)	346	—	(346)	—
Fees associated with the collaboration and licensing agreement	(c)	4,269	—	(4,269)	—
Total operating expenses		34,778	98	(661)	34,215
Results from operating activities		(15,058)	(98)	(1,591)	(16,747)
Finance income	(c)	—	—	2,252	2,252
Finance costs	(c)	—	—	(661)	(661)
Total net finance income		—	—	1,591	1,591
Net loss		(15,058)	(98)	—	(15,156)
Other comprehensive income, net of tax:					
Net change in fair value of available-for-sale financial assets, net of tax		1,039	—	—	1,039
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(129)	—	—	(129)
Other comprehensive income for the year		910	—	—	910
Total comprehensive income for the year		(14,148)	(98)	—	(14,246)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the three-month periods ended May 31, 2010 and 2009:

		May 31, 2010				May 31, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Revenue:									
Research services:									
Upfront payments and initial technology access fees	(c)	—	—	1,712	1,712	—	—	1,711	1,711
Royalties and license fees	(c)	1,717	—	(1,712)	5	1,717	—	(1,711)	6
Interest	(c)	509	—	(509)	—	600	—	(600)	—
Total revenue		2,226	—	(509)	1,717	2,317	—	(600)	1,717
Research and development expenses, net of tax credits	(b), (c)	4,092	(50)	136	4,178	5,274	5	76	5,355
Selling and market development expenses	(b), (c)	764	1	—	765	540	5	—	545
General and administrative expenses	(b), (c)	2,057	(3)	(95)	1,959	1,857	14	(316)	1,555
Patents	(c)	136	—	(136)	—	76	—	(76)	—
Total operating expenses		7,049	(52)	(95)	6,902	7,747	24	(316)	7,455
Results from operating activities		(4,823)	52	(414)	(5,185)	(5,430)	(24)	(284)	(5,738)
Finance income	(c)	—	—	509	509	—	—	600	600
Finance costs	(c)	—	—	(95)	(95)	—	—	(316)	(316)
Total net finance income		—	—	414	414	—	—	284	284
Net loss		(4,823)	52	—	(4,771)	(5,430)	(24)	—	(5,454)
Other comprehensive income, net of tax:									
Net change in fair value of available-for-sale financial assets, net of tax		(740)	—	—	(740)	668	—	—	668
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(94)	—	—	(94)	(47)	—	—	(47)
Other comprehensive income for the period		(834)	—	—	(834)	621	—	—	621
Total comprehensive income for the period		(5,657)	52	—	(5,605)	(4,809)	(24)	—	(4,833)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the six-month periods ended May 31, 2010 and 2009:

		May 31, 2010				May 31, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Revenue:									
Research services:									
Upfront payments and initial technology access fees	(c)	—	—	3,423	3,423	—	—	3,137	3,137
Royalties and license fees	(c)	3,434	—	(3,423)	11	3,149	—	(3,137)	12
Interest	(c)	1,087	—	(1,087)	—	1,177	—	(1,177)	—
Total revenue		4,521	—	(1,087)	3,434	4,326	—	(1,177)	3,149
Research and development expenses, net of tax credits	(b), (c)	8,033	(72)	340	8,301	10,921	33	121	11,075
Selling and market development expenses	(b), (c)	1,380	5	—	1,385	1,021	5	4,269	5,295
General and administrative expenses	(b), (c)	3,858	(11)	(143)	3,704	4,178	59	(745)	3,492
Patents	(c)	340	—	(340)	—	121	—	(121)	—
Other expenses	(c)	—	—	—	—	4,269	—	(4,269)	—
Total operating expenses		13,611	(78)	(143)	13,390	20,510	97	(745)	19,862
Results from operating activities		(9,090)	78	(944)	(9,956)	(16,184)	(97)	(432)	(16,713)
Finance income	(c)	—	—	1,087	1,087	—	—	1,177	1,177
Finance costs	(c)	—	—	(143)	(143)	—	—	(745)	(745)
Total net finance income		—	—	944	944	—	—	432	432
Net loss		(9,090)	78	—	(9,012)	(16,184)	(97)	—	(16,281)
Other comprehensive income, net of tax:									
Net change in fair value of available-for-sale financial assets, net of tax		(737)	—	—	(737)	985	—	—	985
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(194)	—	—	(194)	(70)	—	—	(70)
Other comprehensive income for the period		(931)	—	—	(931)	915	—	—	915
Total comprehensive income for the period		(10,021)	78	—	(9,943)	(15,269)	(97)	—	(15,366)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Material adjustments to the consolidated statement of cash flows for 2010 and 2009:

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.

Notes to the reconciliations:

(a) Reclassification in the consolidated statement of financial position:

Certain corresponding figures as at December 1, 2008, November 30, 2009, May 31, 2009 and 2010 have been reclassified to conform to the new presentation under IFRS.

(b) Share-based compensation:

In certain situations, stock options granted vest in installments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each installment should be accounted for as a separate share-based payment arrangement under IFRS, otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each installment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the installments depending on the policy elected.

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $175 was required on the application of IFRS 2 at the transition date and an adjustment of $98 was required for the restated November 30, 2009, $97 for May 31, 2009 and ($78) for May 31, 2010 as shown below:

	December 1, 2008	November 30, 2009	May 31, 2009	May 31, 2010
	$	$	$	$
Consolidated statement of comprehensive income:				
Increase in research and development expenses	—	33	33	(72)
Increase in selling and market development expenses	—	10	5	5
Increase in general and administrative expenses	—	55	59	(11)
Adjustment to net loss and total comprehensive loss	—	98	97	(78)
Deficit	(175)	(273)	(272)	(195)
Increase in contributed surplus	175	273	272	195

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

(c) Reclassification in the consolidated statement of comprehensive income:

Under IFRS, the Company elected to present expenses using a classification based on their function and presents net finance income separately. The effect of these changes is summarized below:

	November 30, 2009	May 31, 2010	May 31, 2009
	$	$	$
Decrease in interest	(2,252)	(1,087)	(1,177)
Increase in finance income	2,252	1,087	1,177
Increase in research and development expenses	346	340	121
Decrease in patent fees	(346)	(340)	(121)
Decrease in general and administrative expenses	(661)	(143)	(745)
Increase in finance costs	661	143	745
Increase in selling and market development activities	4,269	—	4,269
Decrease in other expenses	(4,269)	—	(4,269)
	—	—	—

Changes in presentation were also made to the revenue caption in order to conform with the new presentation under IFRS as noted below:

	November 30, 2009	May 31, 2010	May 31, 2009
	$	$	$
Decrease in royalties and license fees	(17,444)	(3,423)	(3,137)
Increase in upfront payments and initial technology access fees	6,560	3,423	3,137
Increase in milestone payments	10,884	—	—
	—	—	—

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED MAY 31, 2010

The following Management's Discussion and Analysis ("MD&A") provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), for the three-month and six-month periods ended May 31, 2010, as compared to the three-month and six-month periods ended May 31, 2009. This view contains certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto as at May 31, 2010, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2009. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

The Company's growth strategy is centered upon the development of tesamorelin. In late 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono") (an affiliate of Merck KGaA, Darmstadt, Germany), for the exclusive commercialization rights to tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States. The principal strategic objective of Theratechnologies is to obtain regulatory approval for tesamorelin in this indication and good progress was made in the second quarter by participating in the U.S. Food and Drug Administration ("FDA" or the "Agency") Endocrinologic and Metabolic Drugs Advisory Committee. On May 27, 2010, the Committee recommended by a 16 to 0 unanimous vote that tesamorelin be granted marketing approval by the FDA for this treatment. Although advisory committees provide their recommendations to the FDA, the final decisions on marketing approvals are made by the Agency. The FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin New Drug Application ("NDA"), will be July 27, 2010. If tesamorelin is approved, the Company expects to receive regulatory milestone payments, royalties and additional milestone payments from sales of tesamorelin by EMD Serono in the U.S.

In addition, Theratechnologies has begun building inventory in preparation for the launch of tesamorelin in the U.S., in the event of FDA approval. In the coming months, the Company will continue building inventory.

In the event of approval of tesamorelin, the anticipated 2010 adjusted burn rate of $24,000,000 could be increased by 5 to 10%. Principal components of the potential increase in spending include the qualification of back-up suppliers for tesamorelin and the drug's fill and finish operation, as well as preparations for the filing of a New Drug Submission in Canada. Most of these costs would be associated to projects that are non-repetitive in nature and would be related to the acceleration of activities in the current business plan.

Revenues

Consolidated revenues for the three-month period ended May 31, 2010, amounted to $2,226,000, compared to $2,317,000 for 2009. The decreased revenues for the second quarter of 2010 are related to lower interest revenues due to a lower cash position and a lower interest rate on investments compared to the same period in 2009. For the six-month period ended May 31, 2010, consolidated revenues were $4,521,000, compared to $4,326,000 for the same period in 2009. The

increased revenues for the six-month period in 2010 are related to a longer amortization period (6 months in 2010 versus 5.5 months in 2009) for the initial payment received within the collaboration and licensing agreement with EMD Serono.

The initial payment received upon the closing of the agreement with EMD Serono of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended May 31, 2010, an amount of $1,711,000 ($1,711,000 for the same period in 2009) was recognized as revenue related to this transaction, while an amount of $3,423,000 was recognized as revenue for the six-month period related to this transaction ($3,137,000 for the same period in 2009). At May 31, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $17,114,000.

R&D Activities

Research and development (“R&D”) expenses, before tax credits, totalled $4,259,000 for the second quarter of 2010, compared to $5,696,000 in 2009. For the six-month period ended May 31, 2010, R&D expenses were $8,368,000, compared to $12,011,000 for the same period in 2009, representing a decrease of 30.3%. The R&D expenses incurred in the second quarter of 2010 are mainly related to regulatory activities connected with the preparation for the FDA Advisory Committee meeting, whereas the expenses incurred in the second quarter of 2009 were principally related to the end of the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy and the preparation of the NDA which was submitted to the FDA in May 2009. This explains the significant reduction in R&D expenses in accordance with the Company’s plans.

Other Expenses

For the second quarter of 2010, general and administrative expenses amounted to $2,057,000, compared to $1,857,000 for the same period in 2009. For the six-month period ended May 31, 2010, general and administrative expenses amounted to $3,858,000, compared to $4,178,000 for the same period in 2009. The increase in the second quarter of 2010 is due to costs associated with heightened communication activities related to the FDA Advisory Committee meeting as well as increases in other administrative expenses, partially offset by a reduction in the foreign exchange loss. The higher expenses in the six-month period of the prior year were primarily due to costs associated with revising the Company’s business plan and an increase in foreign exchange loss for the year.

Selling and market development expenses amounted to $764,000 for the second quarter of 2010, compared to $540,000 for the same period in 2009. For the six-month period ended May 31, 2010, selling and market development expenses amounted to $1,380,000, compared to $1,021,000 for the same period in 2009. The increase in the selling and market development expenses are principally due to business development and market research expenses for territories outside the United States. These expenses also include activities associated with the management of the agreement with EMD Serono.

Net Results

Taking into account the revenues and expenses described above, the Company recorded a second quarter net loss of $4,823,000 ($0.08 per share), compared to a net loss of $5,430,000 ($0.09 per share) for the same period in 2009. For the six-month period ended May 31, 2010, the net loss was $9,090,000 ($0.15 per share), compared to a net loss of $16,184,000 ($0.27 per share) for the same period in 2009.

The net loss in the second quarter of 2010 includes a revenue of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss amounted to $6,534,000 in 2010, a decrease of 8.5% compared to the same period in 2009. For the six-month period, the net loss included revenue and fees related to the agreement with EMD Serono. Excluding those items, the adjusted net loss amounted to $12,513,000, compared to $15,052,000 for the same period in 2009, representing a decrease of 16.9%.

Financial Position

At May 31, 2010, liquidities, which include cash and bonds, amounted to $49,048,000, and tax credits receivable amounted to $2,002,000, for a total of $51,050,000.

Taking into account the revenues and expenses described above, for the three-month period ended May 31, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,387,000, compared to $4,988,000 in 2009. Excluding the revenue and fees related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $6,098,000 for the quarter ended May 31, 2010, compared to $6,699,000 for the second quarter of 2009, a decrease of 9%.

Taking into account the revenues and expenses described above, for the six-month period ending May 31, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $8,248,000, compared to $15,400,000 for the same period in 2009. Excluding the revenue and fees associated with the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $11,671,000, compared to $14,268,000 for the corresponding period in 2009, representing a decrease of 18.2%.

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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2010			2009			2008
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	**$ 2,226**	$ 2,295	$ 2,246	$ 13,148	$ 2,317	$ 2,009	$ 616	$ 710
Net (loss) earnings	**$ (4,823)**	$ (4,267)	$ (4,698)	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)	$ (11,220)
Basic and diluted (loss) earnings per share	**$ (0.08)**	$ (0.07)	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Non-GAAP Measures

The Company uses measures that do not conform to GAAP to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and Reconciliation of Non-GAAP Measures

In order to measure performance from one period to another, without accounting for changes related to the impact of revenues and fees associated with the collaboration and license agreement with EMD Serono, management uses adjusted net loss and adjusted burn rate from operating activities before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

(Thousands of dollars)

	May 31st (3 months)		May 31st (6 months)	
Adjusted net loss	**2010**	**2009**	**2010**	**2009**
Net loss, per the financial statements	$ (4,823)	$ (5,430)	$ (9,090)	$ (16,184)
Adjustments:				
Revenue associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	(1,711)	(1,711)	(3,423)	(3,137)
Fees associated with collaboration and license agreement	—	—	—	4,269
Adjusted net loss	$ (6,534)	$ (7,141)	$ (12,513)	$ (15,052)

	May 31st (3 months)		May 31st (6 months)	
Adjusted burn rate before changes in operating assets and liabilities	**2010**	**2009**	**2010**	**2009**
Burn rate before changes in operating assets and liabilities, per the financial statements	$ (4,387)	$ (4,988)	$ (8,248)	$ (15,400)
Adjustments:				
Revenue associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	(1,711)	(1,711)	(3,423)	(3,137)
Fees associated with collaboration and license agreement	—	—	—	4,269
Adjusted burn rate before changes in operating assets and liabilities	$ (6,098)	$ (6,699)	$ (11,671)	$ (14,268)

New Accounting Policies

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, will converge with International Financial Reporting Standards ("IFRS"). The Company's changeover from current Canadian GAAP to IFRS applies to the fiscal year beginning December 1, 2011 (the "Changeover" date), when the Company will report financial information for the first quarter ending February 29, 2012, and that of the comparative period in accordance with IFRS.

IFRS uses a conceptual framework similar to Canadian GAAP, but presents significant differences in recognition, measurement and the disclosure of information. In the period leading up to the conversion, the AcSB will continue to issue accounting standards that are better aligned with IFRS, thus mitigating the impact of conversion to IFRS. Further, the International Accounting Standards Board ("IASB") will continue to issue new, or amend existing accounting standards during the conversion period. It will therefore be impossible to determine the final and complete impact on the Company's consolidated financial statements of applying IFRS prior to knowing all applicable IFRS standards at the Changeover date.

Conversion Plan

The Company's IFRS convergence project includes four steps: diagnostic and planning, detailed analysis, design, and implementation.

Phase One: Diagnostic Phase — This phase involves establishing a transition plan to IFRS and the initial identification of differences between Canadian GAAP and IFRS.

Phase Two: Detailed Analysis — This phase involves a comprehensive assessment of the differences between the Company's current accounting policies and the requirements of IFRS in order to evaluate the impact on the Company. In addition, the detailed analysis will identify training requirements, and determine eventual changes to business processes and information systems.

Phase Three: Design — This phase consists of an analysis of the available accounting options under IFRS, notably the exceptions, exemptions and actual choices available for the transition and the preparation of draft IFRS financial statements and the accompanying notes. In addition, it is during this phase that changes to the business processes and the information systems are designed.

Phase Four: Implementation — This phase involves implementing changes to systems, business processes and internal controls, determining the opening IFRS transition balance sheet and the impact on taxation, parallel accounting under Canadian GAAP and IFRS and preparing detailed reconciliations between Canadian GAAP and IFRS financial statements.

Conversion Progress

The Company has completed the Diagnostic Phase in which the preliminary plan for the transition from current GAAP to IFRS was completed and a team to implement the project was formed. The team, overseen by the senior financial officers, provides governance, management and support for the entire project and meets with the members of the Audit Committee quarterly in order to provide an update on the progress achieved and to discuss important issues. A similar exercise is also performed with the external auditors.

The Company has now begun the Detailed Analysis Phase which entails a comprehensive analysis of the IFRS changes identified in the Diagnostic Phase and the exemptions concerning the transition to IFRS as foreseen in IFRS 1.

Potential Impact on the Company

According to the comparative analysis of the current IFRS with Canadian GAAP, upon which the Company's accounting practices are now based, the principal changes could affect the following accounting practices:

- Presentation of financial statements
- Foreign exchange conversion
- Stock-based payment
- Impairment of assets

This list is not comprehensive and only lists the principal differences in accounting practices that, according to the Company's current analysis, will flow from the conversion to IFRS.

However, analysis of the changes is still in progress and certain decisions remain to be made with respect to available choices of accounting practices. Furthermore, the organizations overseeing Canadian GAAP and IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's consolidated financial statements in future years. The areas of differences should be based on existing Canadian GAAP and the IFRS that will be in effect on November 30, 2012. At this point in time, the Company

is not able to reliably quantify the full impact of these differences on its consolidated financial statements.

The Company continues to evaluate the impact of transitioning to IFRS on the communication of its financial results. At present, the impact of this transition on the Company's financial position and future operating results can neither be determined nor estimated in a reasonable fashion.

Outstanding Share Data

On July 6, 2010, the number of shares issued and outstanding was 60,497,934, while outstanding options granted under the stock option plan were 2,897,472.

Contractual Obligations

There were no material changes in contractual obligations during the first six months of the year, 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 2009 Annual Report.

Forward-Looking Information

This MD&A for the second quarter of 2010 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA, the receipt of milestone payments and/or royalties under the agreement entered into with EMD Serono, the filing of a New Drug Submission in Canada, the potential increase in the adjusted burn rate, and the completion of a conversion plan to IFRS. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the risk that the payment of milestones is delayed or not received or that the royalties from the sale of tesamorelin are not received, the risk that the preparation of a New Drug Submission in Canada is delayed or is not completed, the risk that the Company is unable to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin, and the risk that the timeline for preparing a conversion plan to IFRS is not met.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States will be successful, no issue will occur in the preparation of a New Drug Submission in Canada, the Company is able to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin, and the Company will not experience any difficulties in preparing a conversion plan to IFRS.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this MD&A.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009. This MD&A is dated July 7, 2010, and has been approved by the Audit Committee.

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Exhibit 99.18

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Six-month periods ended May 31, 2010 and 2009

THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Periods ended May 31, 2010 and 2009

Financial Statements

THERATECHNOLOGIES INC.

Consolidated Balance Sheets (Unaudited)

May 31, 2010 and November 30, 2009
(in thousands of dollars)

	May 31, 2010	November 30, 2009
Assets		
Current assets:		
Cash	$ 3,497	$ 1,519
Bonds	5,292	10,036
Accounts receivable	176	375
Tax credits receivable	2,002	1,666
Inventories	4,496	2,225
Research supplies	271	287
Prepaid expenses	663	302
	16,397	16,410
Bonds	40,259	51,807
Property and equipment	1,161	1,229
Other assets	41	41
	$ 57,858	$ 69,487
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 7,045	$ 5,901
Current portion of deferred revenues (note 6)	6,852	6,847
	13,897	12,748
Deferred revenues (note 6)	10,268	13,691
Deferred lease inducements	42	—
Shareholders' equity:		
Capital stock (note 3)	279,329	279,169
Contributed surplus	6,948	6,484
Accumulated other comprehensive income	351	1,282
Deficit	(252,977)	(243,887)
	(252,626)	(242,605)
Total shareholders' equity	33,651	43,048
	$ 57,858	$ 69,487

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Operations
(Unaudited)

Periods ended May 31, 2010 and 2009
(in thousands of dollars, except per share amounts)

	May 31,		May 31,	
	2010	2009	2010	2009
	(3 months)		(6 months)	
Revenues:				
Royalties, technologies and other (note 6)	$ 1,717	$ 1,717	$ 3,434	$ 3,149
Interest	509	600	1,087	1,177
	2,226	2,317	4,521	4,326
Operating costs and expenses:				
Research and development	4,259	5,696	8,368	12,011
Tax credits	(167)	(422)	(335)	(1,090)
	4,092	5,274	8,033	10,921
General and administrative	2,057	1,857	3,858	4,178
Selling and market development	764	540	1,380	1,021
Patents	136	76	340	121
Fees associated with collaboration and licensing agreement (note 6)	—	—	—	4,269
	7,049	7,747	13,611	20,510
Net loss	$ (4,823)	$ (5,430)	$ (9,090)	$ (16,184)
Basic and diluted loss per share (note 3 (c))	$ (0.08)	$ (0.09)	$ (0.15)	$ (0.27)
Weighted average number of common shares outstanding	60,467,564	60,395,481	60,452,993	60,227,527

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Comprehensive Loss
(Unaudited)

Periods ended May 31, 2010 and 2009
(In thousands of dollars)

	May 31,		May 31,	
	2010	2009	2010	2009
	(3 months)		(6 months)	
Net loss	$ (4,823)	$ (5,430)	$ (9,090)	$ (16,184)
Unrealized (losses) gains on available-for-sale financial assets	(740)	668	(737)	985
Reclassification adjustment for gains and losses on available-for-sale financial assets	(94)	(47)	(194)	(70)
Comprehensive loss	$ (5,657)	$ (4,809)	$ (10,021)	$ (15,269)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity
(Unaudited)

Six-month period ended May 31, 2010
(In thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2009	60,429,393	$279,169	$ 6,484	$ 1,282	$(243,887)	$ 43,048
Issuance of share capital (note 3)	2,880	15	—	—	—	15
Exercise of stock options:						
Cash proceeds	55,161	91	—	—	—	91
Ascribed value	—	54	(54)	—	—	—
Stock-based compensation	—	—	518	—	—	518
Net loss	—	—	—	—	(9,090)	(9,090)
Unrealized gains on available-for- sale financial assets	—	—	—	(931)	—	(931)
Balance, May 31, 2010	60,487,434	$279,329	$ 6,948	$ 351	$(252,977)	$ 33,651

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity, Continued
(Unaudited)

Six-month period ended May 31, 2009
(In thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,230)	$ 46,946
Change in accounting policies (note 2 (a))	—	—	—	—	(599)	(599)
Issuance of share capital (notes 3 and 6)	2,182,387	9,861	—	—	—	9,861
Stock-based compensation	—	—	500	—	—	500
Net loss	—	—	—	—	(16,184)	(16,184)
Unrealized gains on available-for- sale financial assets	—	—	—	915	—	915
Balance, May 31, 2009	60,397,477	$279,080	$ 6,085	$ 1,287	$(245,013)	$ 41,439

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

Periods ended May 31, 2010 and 2009
(in thousands of dollars)

	May 31,		May 31,	
	2010	2009	2010	2009
	(3 months)		(6 months)	
Cash flows from operating activities:				
Net loss	$ (4,823)	$ (5,430)	$ (9,090)	$ (16,184)
Adjustments for:				
Amortization of property and equipment	135	147	282	284
Lease inducements and amortization	42	—	42	—
Stock-based compensation	259	295	518	500
	(4,387)	(4,988)	(8,248)	(15,400)
Changes in operating assets and liabilities:				
Interest receivable on bonds	216	167	379	(802)
Accounts receivable	105	283	199	359
Tax credits receivable	(168)	(422)	(336)	(1,090)
Inventories	(2,245)	—	(2,271)	(1,594)
Research supplies	(1)	93	16	226
Prepaid expenses	51	(67)	(361)	(126)
Accounts payable and accrued liabilities	3,046	(1,540)	1,266	(1,668)
Deferred revenues	(1,715)	(1,714)	(3,418)	23,967
	(711)	(3,200)	(4,526)	19,272
	(5,098)	(8,188)	(12,774)	3,872
Cash flows from financing activities:				
Share issuance	68	7	106	9,861
Share issue costs	—	—	—	(8)
	68	7	106	9,853
Cash flows from investing activities:				
Additions to property and equipment	(161)	(133)	(336)	(235)
Acquisition of bonds	—	—	—	(19,631)
Disposal of bonds	5,356	5,257	14,982	9,842
	5,195	5,124	14,646	(10,024)
Net increase (decrease) in cash	165	(3,057)	1,978	3,701
Cash, beginning of period	3,332	6,891	1,519	133
Cash, end of period	$ 3,497	$ 3,834	$ 3,497	$ 3,834

See note 4 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation of its results. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The same accounting policies as described in the Company's latest annual report have been used. However, these financial statements do not include all disclosures required under GAAP and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest annual report. These interim financial statements have not been reviewed by the auditors.

2. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets as at December 1, 2008 by $599, respectively, which is the amount of patent costs related to periods prior to these dates.

Lease inducements

Lease inducements arising from leasehold improvements allowance and rent-free inducements received are deferred and amortized over the term of the lease on a straight-line basis.

2. New accounting policies (continued):

(b) Future accounting changes:

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company is in a process to determine the impact of adopting the standards on its consolidated financial statements.

3. Capital stock:

During the second quarter of 2010, the Company received subscriptions in the amount of $15 ($7 for the same period in 2009) for the issue of 2,880 common shares (2,550 for the same period in 2009) in connection with its share purchase plan.

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid'' provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(a) Shareholder rights plan (continued):

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for no less than 60 days. If, at the end of the 60-day period, at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) Stock option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the six-month period ended May 31, 2010 were as follows:

	Number	Weighted average exercise price per share
Options as at November 30, 2008	2,161,800	$ 6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009	2,665,800	5.20
Granted	265,000	3.84
Cancelled and expired	(37,667)	4.61
Exercised	(55,161)	1.66
Options as at May 31, 2010	2,837,972	$ 5.15

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(c) Stock-based compensation and other stock-based payments:

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.80%
Volatility	81%	79%
Average option life in years	6	6
Dividend yield	Nil	Nil

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time that similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended May 31, 2010 and 2009:

Periods ended May 31 (6 months)	Number of options	Weighted average grant-date fair value
2010	265,000	$ 2.96
2009	660,500	1.24

Periods ended May 31 (3 months)	Number of options	Weighted average grant-date fair value
2010	—	$ —
2009	70,000	1.27

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(d) Diluted loss per share:

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute the basic earnings per share in the future.

4. Supplemental information:

(a) The following transactions were conducted by the Company and did not impact cash flows:

	May 31, 2010	November 30, 2009
Additions to property and equipment included in accounts payable and accrued liabilities	$ 61	$ 183

(b) For the six-month period ended May 31, 2010, the Company has reclassified in net loss $194 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income ($70 in 2009).

On May 31, 2010, the accumulated other comprehensive loss was composed of unrealized gains on available-for-sale financial assets of $351 (gains of $1,282 on November 30, 2009).

(c) For the periods ended May 31, 2010 and 2009, the following items were included in the determination of the Company's net loss:

	2010	2009
Amortization of property and equipment	$ 282	$ 284
Stock-based compensation	518	500

5. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of these instruments.

5. Financial instruments (continued):

(a) Carrying value and fair value (continued):

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $135 ($727 in 2009) for the six-month period ended May 31, 2010.

6. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. (“EMD Serono”), an affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the “Initial Product”). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the six-month period ended May 31, 2010, an amount of $3,423 related to this transaction was recognized as revenue. At May 31, 2010, the deferred revenues related to this transaction amounted to $17,114.

6. Collaboration and licensing agreement (continued):

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application ("NDA") made by the Company for tesamorelin. Under the terms of the Company's Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

EXPLANATORY NOTE

This amended Management's Discussion and Analysis ("MD&A"), for the three months ended February 28, 2010 and February 28, 2009 reflects the Company's adoption of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The Company originally filed a MD&A for the three months ended February 28, 2010 and February 28, 2009 on March 23, 2010. That MD&A was based on financial statements prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). In the fourth quarter of 2010, the Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing amended interim consolidated financial statements and this amended MD&A to comply with this approval.

This amended MD&A continues to describe conditions, trends results and outlook as of March 23, 2010, which was the date of the original MD&A. Except for the changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after March 23, 2010 and the Company has not modified or updated the discussion and analysis from its original filing.

This amended MD&A and the amended interim consolidated financial statements for the periods ended February 28, 2010 and 2009 supersede the Company's original filings and should be read in conjunction with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

AMENDED MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three-month period ended February 28, 2010

The following amended MD&A provides Management's point of view on the financial position and the results of operations of Theratechnologies Inc. ("Theratechnologies" or the "Company"), for the three-month period ended February 28, 2010, as compared to the three-month period ended February 28, 2009. This view contains information that the Company believes may affect its prospective financial condition, cash flows and results of operations. The amended unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This amended MD&A should be read in conjunction with the amended unaudited interim consolidated financial statements of the Company and the notes thereto as at February 28, 2010, as well as the MD&A and audited consolidated financial statements including the related notes thereto as at November 30, 2010. Unless specified otherwise, all amounts are in Canadian dollars.

Financial Overview

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

The U.S. Food and Drug Administration ("FDA") has set a date of May 27, 2010 for the Endocrinologic and Metabolic Drugs Advisory Committee meeting. The purpose of the meeting is to review Theratechnologies' New Drug Application ("NDA") for tesamorelin, which was submitted on May 29, 2009. The Advisory Committee meeting was originally scheduled for February 24, 2010 but was postponed due to administrative delays at the FDA. As a result of this postponement, the FDA

has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin NDA, will be July 27, 2010.

The role of the Advisory Committee is to provide the FDA with advice from independent experts and other interested parties on the use of tesamorelin. Even though advisory committees address questions posed to them through public meetings, the final decision on the approval of a product remains solely with the FDA.

An article entitled, "*Effects of Tesamorelin, a Growth Hormone-Releasing Factor, in HIV-Infected Patients With Abdominal Fat Accumulation: A Randomized Placebo-Controlled Trial With a Safety Extension*", has been published in the March 1st issue of The Journal of Acquired Immune Deficiency Syndromes (JAIDS). The article outlines, in detail, the 52-week data of the second Phase 3 trial, in evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Top-line results of the study were first disclosed in December 2008.

On February 25, 2010, the Australian Patent Office granted Theratechnologies patent number 2003229222 entitled "GRF Analogue Compositions and their Use" covering the pharmaceutical formulation and the method of treating HIV-associated lipodystrophy with tesamorelin. Obtaining this patent provides protection for tesamorelin in Australia until May 2013. On December 29, 2009, the Brazil Patent and Trademark Office issued a patent to Theratechnologies for tesamorelin granting protection in that territory until December 2019.

Revenue

Consolidated revenue for the three-month period ended February 28, 2010, amounted to $1,717,000 compared to $1,432,000 for 2009. The increased revenues in 2010 are related to a longer amortization period (3 months in 2010 versus 2.5 months in 2009) for the initial payment of the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono").

The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended February 28, 2010, an amount of $1,711,000 ($1,426,000 for the same period in 2009) related to this transaction was recognized as revenue. At February 28, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $18,826,000.

R&D Activities

Research and development ("R&D") expenditures net of tax credits totalled $4,123,000 for the first quarter of 2010, compared to $5,720,000 in 2009. The R&D expenses incurred in the first quarter of 2010 are mainly related to the primary objective of the Company, which encompasses the regulatory activities connected with the preparation for the FDA Advisory Committee meeting. This explains the planned reduction in R&D expenses. The research and development expenses incurred in the first quarter of 2009 are essentially related to closing activities for the confirmatory Phase 3 study.

Selling and Market Development Expenses

Selling and market development costs amounted to $620,000 for the first quarter of 2010, compared to $4,750,000 in 2009. The selling and market development expenses in 2010 are principally composed of business development and market research expenses outside the United States and the costs of managing the agreement with EMD Serono. In 2009, the Company incurred expenses totalling $4,269,000 in connection with professional fees related to the transaction with EMD Serono.

General and Administrative Expenses

For the first quarter of 2010, general and administrative expenses amounted to $1,745,000, compared to $1,937,000 in 2009. The 2010 expenses were comparable to those of 2009, with the exception of costs associated with revising the Company's business plan in 2009.

Net Financial Income

Finance income in the first quarter of 2010 amounted to $578,000 compared to $577,000 in 2009. Finance costs in the first quarter of 2010 were $48,000 compared to $429,000 in 2009. Finance costs in 2009 include an exchange loss of $416,000 incurred upon the conversion of the initial payment from EMD Serono to Canadian dollars.

Net Results

Reflecting the changes in revenues and expenses described above, the Company recorded a first quarter 2010 net loss of $4,241,000 ($0.07 per share), compared to a net loss of $10,827,000 ($0.18 per share) in 2009.

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.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			2008 (1)
	Q1 amended	Q4 amended	Q3 amended	Q2 amended	Q1 amended	Q4	Q3	Q2
Revenues	**$ 1,717**	$ 1,718	$ 12,601	$ 1,717	$ 1,432	$ 616	$ 710	$ 716
Net (loss) earnings	**$ (4,241)**	$ (4,654)	$ 5,779	$ (5,454)	$ (10,827)	$ (15,145)	$ (11,220)	$ (11,382)
Basic and diluted (loss) earnings per share	**$ (0.07)**	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)	$ (0.20)

(1) Theratechnologies adopted IFRS in fiscal 2010 with a transition date of December 1, 2008. Consequently, the selected financial information for the year ended November 30, 2008, as presented in our 2009 Audited Consolidated Financial Statements, which were presented in conformity with Canadian GAAP, was not restated in accordance with IFRS and accordingly, is not comparable with the information for fiscal 2010 and 2009.

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At February 28, 2010, cash and bonds amounted to $55,289,000, and tax credits and grants receivable amounted to $1,501,000 for a total of $56,790,000.

For the three-month period ended February 28, 2010, the cash used for operating activities, excluding changes in operating assets and liabilities, was $3,861,000, compared to $10,412,000 in 2009.

Subsequent events

Except for changes related to the Company's adoption of IFRS, this amended MD&A does not reflect events occurring after March 23, 2010, the date of the filing of the MD&A prepared in accordance with Canadian GAAP. The annual MD&A of the Company prepared in accordance with IFRS has been filed concurrently with this amended MD&A. This amended MD&A should be read in connection with the November 30, 2010 annual financial statements and the related MD&A for additional disclosures with respect to subsequent events.

Transition to IFRS

The Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended February 28, 2010, the comparative information for the period ended February 28, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these interim consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in note 8 of the amended unaudited interim consolidated financial statements for the periods ended February 28, 2010 and 2009.

Outstanding Share Data

On March 22, 2010, the number of shares issued and outstanding was 60,450,890, while outstanding options granted under the stock option plan were 2,883,636.

Contractual Obligations

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 2009 Annual Report.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-looking Information

This press release and the Management's Discussion and Analysis for the first quarter incorporated therein 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 pursuit of the Company's business plan with the funds that it has available, the search for partners in new markets and the completion of a transition plan for IFRS. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that the Company's funding needs may change, and that the Company is unable to conclude agreements with partners in new markets for tesamorelin.

Although the forward-looking information 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, among others, that the operating activities of the Company will conform to its business plan, and the Company will reach agreements with partners in new markets for tesamorelin.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

Exhibit 99.20

Amended Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2010 and 2009

THERATECHNOLOGIES INC.
Amended Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2010 and 2009

Amended Financial Statements

EXPLANATORY NOTE

These amended unaudited consolidated financial statements of Theratechnologies Inc. (the “Company”) for the three-month periods ended February 28, 2010 and 2009 reflect the Company’s adoption of International Financial Reporting Standards ("IFRS’’), as issued by the International Accounting Standards Board ("IASB’’). In the fourth quarter of 2010, The Company filed a request to adopt IFRS two years in advance of the date required by the Accounting Standards Board. The request was approved by the regulatory authorities. The Company is filing these amended consolidated financial statements to comply with this approval.

The Company’s Audit Committee originally approved the unaudited consolidated financial statements for the three-month periods ended February 28, 2010 and 2009 on March 23, 2010 and those financial statements were filed on March 23, 2010. Those financial statements were prepared in accordance with generally accepted accounting principles in Canada (“Canadian GAAP”). Except for the changes related to the Company’s adoption of IFRS, these amended unaudited consolidated financial statements do not reflect events occurring after March 23, 2010. These amended unaudited consolidated financial statements supersede the Company’s original filing and should be read in connection with the consolidated financial statements as at November 30, 2010 and 2009 prepared in accordance with IFRS.

THERATECHNOLOGIES INC.
Consolidated Statement of Financial Position
(Unaudited)

As at February 28, 2010, November 30, 2009 and December 1, 2008
(in thousands of Canadian dollars)

	Note	February 28, 2010	November 30, 2009	December 1, 2008
		$	$	$
Assets				
Current assets:				
Cash		3,332	1,519	133
Bonds		6,264	10,036	10,955
Trade and other receivables		281	375	610
Tax credits and grants receivable		1,501	1,333	1,451
Inventories		2,251	2,225	—
Prepaid expenses		1,025	630	739
Total current assets		14,654	16,118	13,888
Non-current assets:				
Bonds		45,693	51,807	35,249
Property and equipment		1,209	1,229	1,299
Other assets		—	—	2,776
Total non-current assets		46,902	53,036	39,324
Total assets		61,556	69,154	53,212
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities		3,740	5,568	6,865
Current portion of deferred revenue	4	6,855	6,847	—
Total current liabilities		10,595	12,415	6,865
Non-current liabilities:				
Deferred revenue	4	11,980	13,691	—
Total non-current liabilities		11,980	13,691	—
Total liabilities		22,575	26,106	6,865
Equity				
Share capital	5	279,230	279,169	269,219
Contributed surplus		6,967	6,757	5,760
Deficit		(248,401)	(244,160)	(229,004)
Accumulated other comprehensive income		1,185	1,282	372
Total equity		38,981	43,048	46,347
Subsequent events	7			
Total liabilities and equity		61,556	69,154	53,212

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Comprehensive Income
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of Canadian dollars, except per share amounts)

	Note	2010	2009
		$	$
Revenue:			
Research services:			
Upfront payments and initial technology access fees	4	1,711	1,426
Royalties and license fees		6	6
Total revenue		1,717	1,432
Research and development expenses, net of tax credits of $168 (2009 - $668)		4,123	5,720
Selling and market development expenses		620	4,750
General and administrative expenses		1,745	1,937
Total operating expenses		6,488	12,407
Results from operating activities		(4,771)	(10,975)
Finance income		578	577
Finance costs		(48)	(429)
Total net financial income		530	148
Net loss		(4,241)	(10,827)
Other comprehensive loss, net of tax:			
Net change in fair value available-for-sale financial assets, net of tax		3	317
Net change in fair value available-for-sale financial assets transferred to net loss, net of tax		(100)	(23)
		(97)	294
Total comprehensive loss for the period		(4,338)	(10,533)
Basic and diluted loss per share	5	(0.07)	(0.18)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity
(Unaudited)

Three-month period ended February 28, 2010
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2009		60,429,393	279,169	6,757	1,282	(244,160)	43,048
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(4,241)	(4,241)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	3	—	3
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(100)	—	(100)
Total comprehensive loss for the period		—	—	—	(97)	(4,241)	(4,338)
Transactions with owners, recorded directly in equity:							
Share-based compensation for stock option plan	5(c)	—	—	233	—	—	233
Exercise of stock option:							
Monetary consideration	5(c)	21,164	38	—	—	—	38
Attributed value	5(c)	—	23	(23)	—	—	—
Total contributions by owners		21,164	61	210	—	—	271
Balance as at February 28, 2010		60,450,557	279,230	6,967	1,185	(248,401)	38,981

(i) Accumulated other comprehensive income.

THERATECHNOLOGIES INC.
Consolidated Statement of Changes in Equity, Continued
(Unaudited)

Three-month period ended February 28, 2009
(in thousands of Canadian dollars)

	Note	Share capital		Contributed surplus	Unrealized gains or losses on available-for-sale financial assets (i)	Deficit	Total
		Number	Dollars				
			$	$	$	$	$
Balance as at November 30, 2008		58,215,090	269,219	5,760	372	(229,004)	46,347
Total comprehensive loss for the period:							
Net loss		—	—	—	—	(10,827)	(10,827)
Other comprehensive loss:							
Net change in fair value of available-for-sale financial assets, net of tax		—	—	—	317	—	317
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		—	—	—	(23)	—	(23)
Total comprehensive income (loss) for the period		—	—	—	294	(10,827)	(10,533)
Transactions with owners, recorded directly in equity:							
Issue of common shares	4	2,179,837	9,854	—	—	—	9,854
Share-based compensation plan:							
Share-based compensation for stock option plan	5(c)	—	—	278	—	—	278
Total contributions by owners		2,179,837	9,854	278	—	—	10,132
Balance as at February 28, 2009		60,394,927	279,073	6,038	666	239,831	45,946

(i) Accumulated other comprehensive income.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Cash Flows
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of Canadian dollars)

	2010	2009
	$	$
Operating activities:		
Net loss	(4,241)	(10,827)
Adjustments for:		
Depreciation of property and equipment	147	137
Share-based compensation	233	278
Operating activities before changes in operating assets and liabilities	(3,861)	(10,412)
Change in accrued interest income on bonds	163	(969)
Change in trade and other receivables	94	51
Change in tax credits and grants receivable	165	(335)
Change in inventories	(26)	(1,594)
Change in prepaid expenses	(395)	(470)
Change in other assets	—	568
Change in accounts payable and accrued liabilities	(2,113)	(460)
Change in deferred revenue	(1,703)	25,681
	(3,815)	22,472
Cash flows from operating activities	(7,676)	12,060
Financing activities:		
Proceeds from issue of share capital	—	9,854
Proceeds from exercise of stock options	38	—
Share issue costs	—	(8)
Cash flows from financing activities	38	9,846
Investing activities:		
Acquisition of property and equipment	(175)	(102)
Proceeds from sale of bonds	9,626	4,585
Acquisition of bonds	—	(19,631)
Cash flows from (used in) investing activities	9,451	(15,148)
Net change in cash	1,813	6,758
Cash as at December 1	1,519	133
Cash as at February 28	3,332	6,891

See note 6 for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Reporting entity:

Theratechnologies Inc. is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or some of the commercial rights to its products. Its most advanced component, tesamorelin, is an analogue of the human growth hormone releasing factor peptides.

The consolidated financial statements include the accounts of Theratechnologies Inc. and its wholly-owned subsidiaries (together referred to as the "Company'' and individually as "the subsidiaries of the Company'').

Theratechnologies Inc. is incorporated under Part 1A of the Québec *Companies Act* and is domiciled in Quebec, Canada. The Company is located at 2310 boul. Alfred-Nobel, Montreal, Quebec, H4S 2B4.

2. Basis of preparation:

(a) Statement of compliance:

These amended interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs'') as issued by the International Accounting Standards Board ("IASB''). The Company's first IFRS financial statements were for the annual period ended November 30, 2010 and were prepared using December 1, 2008 as the date of transition. In preparing the accompanying amended interim financial statements, the Company applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* as disclosed in note 8.

These amended interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. However, they should not be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended November 30, 2009 as those were prepared in accordance with Canadian GAAP. The Company's interim consolidated financial statements as previously filed were also prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these amended interim consolidated financial statements, management amended the accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The Company's annual consolidated financial statements as at November 30, 2010 and 2009 and for the years then ended have been concurrently filed with these amended unaudited interim consolidated financial statements. The same accounting policies as described in note 3 of these amended interim consolidated financial statements were used. The comparative figures for 2009 were also restated to reflect these adjustments.

2. Basis of preparation (continued):

(a) Statement of compliance (continued):

Certain information and footnote disclosures which are considered material to the understanding of the Company's amended interim consolidated financial statements and which are normally included in annual financial statements prepared in accordance with IFRS are presented in note 3 along with reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, earnings and comprehensive income presented in note 8. These amended interim consolidated financial statements do not include all disclosures required under IFRS and accordingly should be read in connection with the aforementioned annual financial statements and the notes thereto. These amended interim consolidated financial statements have not been reviewed by the Company's auditors.

These amended unaudited interim consolidated financial statements were authorized for issue by the Audit Committee on February 8, 2011.

(b) Basis of measurement:

The Company's consolidated financial statements have been prepared on a going concern and historical cost basis, except for available-for-sale financial assets which are measured at fair value.

The methods used to measure fair value are discussed in note 22 included in the Company's annual financial statements dated February 8, 2011.

(c) Functional and presentation currency:

These amended interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements:

The preparation of the Company's amended interim consolidated financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgements in applying accounting policies and assumption and estimation uncertainties that have the most significant effect on the amounts recognized in the amended interim consolidated financial statements relate to the timing of revenue recognition, the valuation of share-based compensation and the realizability of deferred income tax assets.

2. Basis of preparation (continued):

(d) Use of estimates and judgements (continued):

Other areas of judgement and uncertainty relate to the estimation of accruals for clinical trial expenses, the recoverability of inventories, the measurement of the amount and assessment of the recoverability of tax credits and grants receivable and the capitalization of development expenditures.

Reported amounts and note disclosure reflect the overall economic conditions that are most likely to occur and anticipated measures management intends to take. Actual results could differ from those estimates.

The above estimates and assumptions are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these amended interim consolidated financial statements and in preparing the opening IFRS statement of financial position at December 1, 2008, the date of transition to IFRSs.

The accounting policies have been applied consistently by the subsidiaries of the Company.

(a) Basis of consolidation:

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries are entities controlled by the Company. Control is present where the Company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable currently are taken into consideration. The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Company.

Reciprocal balances and transactions, revenues and expenses resulting from transactions between subsidiaries and with the Company are eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

(b) Foreign currency:

Transactions in foreign currencies are translated to the respective functional currencies of the subsidiaries of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on translation are recognized in net profit (loss), except for differences arising on the translation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(c) Revenue recognition:

Collaboration agreements that include multiple deliverables are considered to be multi-element arrangements. Under this type of arrangement, the identification of separate units of accounting is required and revenue is allocated among the separate units based on their relative fair values.

Payments received under the collaboration agreement may include upfront payments, milestone payments, research services, royalties and license fees. Revenues for each unit of accounting are recorded as described below:

(i) Sale of goods:

Revenues from the sale of goods are recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Royalties and license fees:

Royalties and license fees are recognized when conditions and events under the license agreement have occurred and collectibility is reasonably assured.

3. Significant accounting policies (continued):

(c) Revenue recognition (continued):

(iii) Research services:

Revenues from research contracts are recognized when services to be provided are rendered and all conditions under the terms of the underlying agreement are met.

(a) Upfront payments and initial technology access fees:

Upfront payments and initial technology access fees are deferred and recognized as revenue on a systematic basis over the period during which the related products or services are delivered and all obligations are performed.

(b) Milestone payments:

Revenues subject to the achievement of milestones are recognized only when the specified events have occurred and collectibility is reasonably assured.

(d) Cost of sales:

Cost of sales represents the cost of goods sold and includes the cost of raw materials, supplies, direct overhead charges, unallocated indirect costs related to production as well as write-down of inventories. Other direct costs such as manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred.

(e) Employee benefits:

Salaries and short-term employee benefits:

Salaries and short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term profit-sharing or cash bonus plans if the Company has a legal or constructive obligation to pay an amount as a result of past services rendered by an employee and the obligation can be estimated reliably.

Post-employment benefits:

Post-employment benefits include a defined contribution plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense when due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. The Company's defined contribution plan comprises the registered retirement savings plan, the Quebec Pension Plan and unemployment insurance.

3. Significant accounting policies (continued):

(e) Employee benefits (continued):

Termination benefits:

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(f) Finance income and finance costs:

Finance income comprises interest income on available-for-sale financial assets and gains (losses) on the disposal of available-for-sale financial assets. Interest income is recognized as it accrues in profit (loss), using the effective interest method.

Finance costs are comprised of bank charges, impairment losses on financial assets recognized in profit (loss) and foreign currency gains and losses which are reported on a net basis.

(g) Inventories:

Inventories are presented at the lower of cost, determined using the first-in first-out method, or net realizable value. Inventory costs include the purchase price and other costs directly related to the acquisition of materials, and other costs incurred in bringing the inventories to their present location and condition. Inventory costs also include the costs directly related to the conversion of materials to finished goods, such as direct labour, and a systematic allocation of fixed and variable production overhead, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on the normal capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances.

Net realizable value is the estimated selling price in the Company's ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Property and equipment:

Recognition and measurement:

Items of property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and the costs of dismantling and removing the item and restoring the site on which it is located, if any.

3. Significant accounting policies (continued):

(h) Property and equipment (continued):

Recognition and measurement (continued):

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in net profit (loss).

Subsequent costs:

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit (loss) as incurred.

Depreciation:

The estimated useful lives and the methods of depreciation for the current and comparative periods are as follows:

Asset	Method	Rate/Period
Computer equipment	Declining balance	50%
Laboratory equipment	Declining balance	20%
	and straight-line	5 years
Office furniture and equipment	Declining balance	20%
Leasehold improvements	Straight-line	Lower of term of lease or economic life

This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Estimates for depreciation methods, useful lives and residual values are reviewed at each reporting period-end and adjusted, if appropriate.

3. Significant accounting policies (continued):

(i) Intangible assets:

Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. These criteria are usually met when a regulatory filing has been made in a major market and approval is considered highly probable. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are expensed as incurred. Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses.

During the periods ended February 28, 2010 and 2009, November 30, 2009 and as at December 1, 2008, no development expenditures were capitalized.

(j) Financial instruments:

The Company's financial instruments are classified into one of three categories: loans and receivables, available-for-sale financial assets and other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost.

The Company has classified its bonds as available-for-sale financial assets. The Company has classified cash, and trade and other receivables as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented within equity. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit (loss).

3. Significant accounting policies (continued):

(k) Other assets:

Other assets consist of prepaid expenses for research supplies that are not expected to be used within one year from the date of the consolidated statement of financial position.

Research supplies are purchased in advance, in accordance with specific regulatory requirements, to be used in connection with the Company's clinical trials.

(l) Leases:

Operating lease payments are recognized in net profit (loss) on a straight-line basis over the term of the lease.

Lease inducements arising from leasehold improvement allowances and rent-free periods form an integral part of the total lease cost and are deferred and recognized in net profit (loss) over the term of the lease on a straight-line basis.

(m) Impairment:

Financial assets:

A financial asset not carried at fair value through profit or loss is assessed at each consolidated financial statement reporting date to determine whether there is objective evidence that it is impaired. The Company considers that a financial asset is impaired if objective evidence indicates that one or more loss events had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment test is performed, on an individual basis, for each material financial asset. Other individually non-material financial assets are tested as groups of financial assets with similar risk characteristics. Impairment losses are recognized in net profit (loss).

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net profit (loss) and reflected in an allowance account against the respective financial asset. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net profit (loss).

3. Significant accounting policies (continued):

(m) Impairment (continued):

Financial assets (continued):

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in unrealized gains/losses on available-for-sale financial assets in equity, to net profit (loss). The cumulative loss that is removed from other comprehensive income and recognized in net profit (loss) is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in net profit (loss). Changes in impairment provisions attributable to time value are reflected as a separate component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net profit (loss), then the impairment loss is reversed, with the amount of the reversal recognized in net profit (loss). However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets ("cash-generating unit''). Impairment losses recognized in prior periods are determined at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An asset's carrying amount, increased through reversal of an impairment loss, must not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued):

(n) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are assessed by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount on provisions is recognized in finance costs.

Onerous contracts:

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract. There were no onerous contracts as at February 28, 2010 and 2009, November 30, 2009 and December 1, 2008.

Site restoration:

Where there is a legal or constructive obligation to restore leased premises to good condition, except for normal aging on expiry or early termination of the lease, the resulting costs are provisioned up to the discounted value of estimated future costs and increase the carrying amount of the corresponding item of property and equipment. The Company amortizes the cost of restoring leased premises and recognizes an unwinding of discount expense on the liability related to the term of the lease.

Contingent liability:

A contingent liability is a possible obligation that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events (and therefore exists), but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be estimated reliably.

3. Significant accounting policies (continued):

(o) Income taxes:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net profit (loss), except to the extent that they relate to items recognized directly in other comprehensive income or in equity.

Current tax:

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax liability is generally recognized for all taxable temporary differences.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Share-based compensation:

The Company records share-based compensation related to employee stock options granted using the fair value-based method estimated using the Black-Scholes model. Under this method, compensation cost is measured at fair value at the date of grant and expensed, as employee benefits, over the period in which employees unconditionally become entitled to the award. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

3. Significant accounting policies (continued):

(p) Share-based compensation (continued):

As permitted by IFRS 1, the Company elected not to restate options that were granted before November 7, 2002 and those granted after November 7, 2002 that were fully vested prior to the date of transition to IFRS.

(q) Government grants:

Government grants, consisting of grants and research investment tax credits, are recorded as a reduction of the related expense or cost of the asset acquired. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

(r) Share capital:

Common shares:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(s) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS'') data for its common shares. Basic EPS is calculated by dividing the net profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held, if applicable. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, if applicable, for the effects of all dilutive potential common shares, which consist of the stock options granted to employees.

(t) New standards and interpretations not yet applied:

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee that are mandatory for accounting periods beginning on or after January 1, 2010 or later periods. Many of these updates are not applicable or are inconsequential to the Company and have been excluded from the discussion below. The remaining pronouncements are being assessed to determine their impact on the Company's results and financial position:

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS:

The IASB's improvements to IFRS published in April 2009 contain fifteen amendments to twelve standards that result in accounting changes for presentation, recognition or measurement purposes largely for annual periods beginning on or after January 1, 2010, with early adoption permitted. These amendments were considered by the Company and deemed to be not applicable to the Company other than for the amendment to IAS 17 — Leases relating to leases which include both land and buildings elements. In this case, the Company early adopted this amendment.

In addition, the following new or revised standards and interpretations have been issued but are not yet applicable to the Company:

(i) IFRS 8:

IFRS 8, Operating Segments (revised):

Effective for annual periods beginning on or after January 1, 2010.

Requires purchase information about segment assets.

(ii) IFRS 9:

New standard IFRS 9, Financial Instruments:

Effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

As part of the project to replace IAS 39, Financial Instruments: Recognition and Measurement, this standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets. More specifically, the standard:

- deals with classification and measurement of financial assets
- establishes two primary measurement categories for financial assets: amortized cost and fair value
- classification depends on entity's business model and the contractual cash flow characteristics of the financial asset
- eliminates the existing categories: held to maturity, available for sale, and loans and receivables.

3. Significant accounting policies (continued):

(t) New standards and interpretations not yet applied (continued):

Annual improvements to IFRS (continued):

(ii) IFRS 9 (continued):

New standard IFRS 9, Financial Instruments (continued):

Certain changes were also made regarding the fair value option for financial liabilities and accounting for certain derivatives linked to unquoted equity instruments.

4. Revenue and deferred revenue:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono Inc. ("EMD Serono''), an affiliate of the Group Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the "Initial Product''). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the Initial Product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over the estimated period for developing a new formulation of the Initial Product. This period may be modified in the future based on additional information that may be received by the Company. For the three-month period ended February 28, 2010, an amount of $1,711 (2009 — $1,426) related to this transaction was recognized as revenue. As at February 28, 2010, the deferred revenue related to this transaction amounted to $18,826 (November 30, 2009 — $20,537).

4. Revenue and deferred revenue (continued):

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application ("NDA'') made by the Company for tesamorelin. Under the terms of the Company's collaboration and licensing agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development activities for additional indications. Under the collaboration and licensing agreement, EMD Serono will also have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono will pay half of the development costs related to such additional indications. In such cases, the Company will also have the right, subject to an agreement with EMD Serono, to participate in promoting these additional indications.

5. Share capital:

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan''), effective as of that date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares. The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the common shares and no separate certificates will be issued unless a triggering event occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding shares without complying with the "Permitted Bid'' provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares at a 50% discount to the market price at the time.

5. Share capital (continued):

(a) Shareholder rights plan (continued):

Under the Plan, a Permitted Bid is a bid made to all holders of the common shares and which is open for acceptance for not less than 60 days. If, at the end of 60 days, at least 50% of the outstanding common shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the common shares, but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) Share purchase plan:

The Share Purchase Plan entitles full-time and part-time employees of the Company who, on the participation date, are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Company's outstanding common shares, to directly subscribe for common shares of the Company. Under the Share Purchase Plan, a maximum of 550,000 common shares may be issued to employees.

On May 1 and November 1 of each year (the "Participation Dates''), an employee may subscribe for a number of common shares under the Share Purchase Plan for an amount that does not exceed 10% of that employee's gross annual salary for that year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend or defer a subscription of common shares, or to decide that no subscription of common shares will be allowed on a Participation Date if it is in the Company's best interest.

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

The subscription price for each new common share subscribed for under the Share Purchase Plan is equal to the weighted average closing price of the common shares on the Toronto Stock Exchange during a period of five days prior to the Participation Date. Employees may not assign the rights granted under the Share Purchase Plan.

5. Share capital (continued):

(b) Share purchase plan (continued):

An employee may elect to pay the subscription price for common shares in cash or through an interest-free loan from the Company. Loans granted by the Company under the Share Purchase Plan are repayable through salary withholdings over a period not exceeding two years. All loans may be repaid prior to the scheduled repayment at any time. The loans granted to any employee may at no time exceed 10% of that employee's current annual gross salary. All common shares purchased through an interest-free loan are hypothecated to secure full and final repayment of the loan and are held by a trustee until repayment in full. Loans are immediately due and payable on the occurrence of any of the following events: (i) termination of employment; (ii) sale or seizure of the hypothecated common shares; (iii) bankruptcy or insolvency of the employee; or (iv) suspension of the payment of an employee's salary or revocation of the employee's right to salary withholdings.

At February 28, 2010, $114 (November 30, 2009 — $149; December 1, 2008 — $150) was receivable under these loans.

(c) Stock option plan:

The Company has established a stock option plan under which it can grant to its directors, officers, employees, researchers and consultants non-transferable options for the purchase of common shares. The exercise date of an option may not be later than 10 years after the grant date. A maximum number of 5,000,000 options can be granted under the plan. Generally, the options vest at the date of the grant or over a period up to 5 years. As at February 28, 2010, 1,005,501 options could still be granted by the Company (February 28 - 1,238,667).

All options are to be settled by physical delivery of shares.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(c) Stock option plan (continued):

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the three-month period ended February 28, 2010 were as follows:

	Options	Weighted average exercise price per option
		$
Options at December 1, 2008	2,161,800	6.52
Granted	680,500	1.83
Expired	(58,500)	5.16
Forfeited	(118,000)	9.92
Options at November 30, 2009	2,665,800	5.20
Granted	265,000	3.84
Expired	—	—
Forfeited	(25,667)	3.26
Exercised	(21,164)	1.80
Options at February 28, 2010	2,883,969	5.12

The fair value of the options granted was estimated at the grant date using the Black-Scholes model and the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.79%
Volatility	81%	79%
Average option life in years	7.5	7.5
Dividend yield	Nil	Nil
Grant-date share price	$ 3.84	$ 1.83
Option exercise price	$ 3.84	$ 1.83

5. Share capital (continued):

(c) Stock option plan (continued):

The risk-free interest rate is based on the implied yield on a Canadian Government zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected life of the option. The life of the options is estimated considering the vesting period at the grant date, the life of the option and the average length of time of similar grants have remained outstanding in the past. The dividend yield was excluded from the calculation, since it is the present policy of the Company to retain in all earnings to finance operations and future growth.

The following table summarizes the measurement date weighted average fair value of stock options granted during the periods ended February 28, 2010 and 2009:

	Number of options	Weighted average grant-date fair value
		$
2010	265,000	2.90
2009	590,500	1.33

The Black-Scholes model used by the Company to calculate option values was developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differs from the Company's stock option awards. This model also requires four highly subjective assumptions, including future stock price volatility and average option life, which greatly affect the calculated values.

(in thousands of Canadian dollars, except per share amounts)

5. Share capital (continued):

(d) Earnings per share:

The calculation of basic earnings per share at February 28, 2010 was based on the net loss attributable to common shareholders of the Company of ($4,241) (2009 — ($10,827)), and a weighted average number of common shares outstanding of 60,438,098 (2009 — 60,055,841), calculated as follows:

	February 28, 2010	February 28, 2009
Issued common shares at December 1	60,429,393	58,215,090
Effect of share options exercised	8,705	—
Effect of shares issued during the year	—	1,840,751
Weighted average number of common shares at February 28	60,438,098	60,055,841

At February 28, 2010, 1,157,166 options (2009 — 2,391,130) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

6. Statement of cash flows:

The Company entered into the following transactions which had no impact on the cash flows:

	February 28, 2010	February 28, 2009	November 30, 2009
		$	$
Additions to property and equipment included in accounts payable and accrued liabilities	135	31	183

7. Subsequent events:

Except for changes related to the Company's adoption of IFRS, these amended unaudited interim consolidated financial statements do not reflect events occurring after March 23, 2010, the date of the filing of the consolidated financial statements prepared in accordance with Canadian GAAP. The annual audited consolidated financial statements of the Company prepared in accordance with IFRS have been filed concurrently with these amended unaudited interim consolidated financial statements. These amended unaudited interim consolidated financial statements should be read in connection with the annual consolidated financial statements for additional disclosures with respect to subsequent events.

8. Transition to IFRS:

As stated in note 2 (a), the Company has applied IFRS 1 and the accounting policies set out in note 3 in preparing the financial statements for the period ended February 28, 2010, the comparative period ended February 28, 2009, for the year ended November 30, 2009, and for the opening IFRS statement of financial position as at December 1, 2008 (the Company's date of transition).

In preparing these consolidated financial statements in accordance with IFRS 1, the Company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The Company elected to apply the following optional exemptions from full retrospective application:

(i) Share-based payment transaction exemption:

The Company has elected to apply the share-based payment exemption. It applied IFRS 2 from December 1, 2008 to those stock options that were issued after November 7, 2002 but that had not vested by December 1, 2008. The application of the exemption is detailed below.

(ii) Designation of financial assets and financial liabilities exemption:

The Company elected to re-designate cash from the held for trading category to loans and receivables.

As required by IFRS 1, estimates made under IFRS at the date of transition must be consistent with estimates made for the same date under previous GAAP, unless there is evidence that those estimates were in error.

In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and accompanying notes.

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at December 1, 2008 and November 30, 2009:

		December 1, 2008				November 30, 2009			
	Note	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS	Canadian GAAP	IFRS adjustments	IFRS reclassifications	IFRS
		$	$	$	$	$	$	$	$
Assets									
Current assets:									
Cash		133	—	—	133	1,519	—	—	1,519
Bonds		10,955	—	—	10,955	10,036	—	—	10,036
Trade and other receivables		610	—	—	610	375	—	—	375
Tax credits and grants receivable	(a)	1,784	—	(333)	1,451	1,666	—	(333)	1,333
Inventories		—	—	—	—	2,225	—	—	2,225
Research supplies	(a)	301	—	(301)	—	287	—	(287)	—
Prepaid expenses	(a)	397	—	342	739	302	—	328	630
Total current assets		14,180	—	(292)	13,888	16,410	—	(292)	16,118
Non-current assets:									
Bonds		35,249	—	—	35,249	51,807	—	—	51,807
Property and equipment		1,299	—	—	1,299	1,229	—	—	1,229
Other assets	(a)	2,817	—	(41)	2,776	41	—	(41)	—
Total non-current assets		39,365	—	(41)	39,324	53,077	—	(41)	53,036
Total assets		53,545	—	(333)	53,212	69,487	—	(333)	69,154
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities	(a)	7,198	—	(333)	6,865	5,901	—	(333)	5,568
Current portion of deferred revenue		—	—	—	—	6,847	—	—	6,847
Total current liabilities		7,198	—	(333)	6,865	12,748	—	(333)	12,415
Non-current liabilities:									
Deferred revenue		—	—	—	—	13,691	—	—	13,691
Total non-current liabilities		—	—	—	—	13,691	—	—	13,691
Total liabilities		7,198	—	(333)	6,865	26,439	—	(333)	26,106
Equity									
Share capital		269,219	—	—	269,219	279,169	—	—	279,169
Contributed surplus	(b)	5,585	175	—	5,760	6,484	273	—	6,757
Deficit	(b)	(228,829)	(175)	—	(229,004)	(243,887)	(273)	—	(244,160)
Accumulated other comprehensive income		372	—	—	372	1,282	—	—	1,282
Total equity		46,347	—	—	46,347	43,048	—	—	43,048
Total liabilities and equity		53,545	—	(333)	53,212	69,487	—	(333)	69,154

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of equity as at February 28, 2010 and 2009:

		February 28, 2010				February 28, 2009			
	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS
			$	$	$	$	$	$	$$
Assets									
Current assets:									
Cash		3,332	—	—	3,332	6,891	—	—	6,891
Bonds		6,264	—	—	6,264	9,786	—	—	9,786
Trade and other receivables		281	—	—	281	559	—	—	559
Tax credits and grants receivable	(a)	1,834	—	(333)	1,501	2,452	—	(333)	2,119
Inventories		2,251	—	—	2,251	1,594	—	—	1,594
Research supplies	(a)	270	—	(270)	—	711	—	(711)	—
Prepaid expenses	(a)	714	—	311	1,025	456	—	767	1,223
Total current assets		14,946	—	(292)	14,654	22,449	—	(277)	22,172
Non-current assets:									
Bonds		45,693	—	—	45,693	52,712	—	—	52,712
Property and equipment		1,209	—	—	1,209	1,247	—	—	1,247
Other assets	(a)	41	—	(41)	—	2,264	—	(56)	2,208
Total non-current assets		46,943	—	(41)	46,902	56,223	—	(56)	56,167
Total assets		61,889	—	(333)	61,556	78,672	—	(333)	78,339
Liabilities									
Current liabilities:									
Accounts payable and accrued liabilities		4,073	—	(333)	3,740	7,045	—	(333)	6,712
Current portion of deferred revenue		6,855	—	—	6,855	6,856	—	—	6,856
Total current liabilities		10,928	—	(333)	10,595	13,901	—	(333)	13,568
Non-current liabilities:									
Deferred revenue		11,980	—	—	11,980	18,825	—	—	18,825
Total non-current liabilities		11,980	—	—	11,980	18,825	—	—	18,825
Total liabilities		22,908	—	(333)	22,575	32,726	—	(333)	32,393
Equity									
Share capital		279,230	—	—	279,230	279,073	—	—	279,073
Contributed surplus	(b)	6,720	247	—	6,967	5,790	248	—	6,038
Deficit	(b)	(248,154)	(247)	—	(248,401)	(239,583)	(248)	—	(239,831)
Accumulated other comprehensive income		1,185	—	—	1,185	666	—	—	666
Total equity		38,981	—	—	38,981	45,946	—	—	45,946
Total liabilities and equity		61,889	—	(333)	61,556	78,672	—	(333)	78,339

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the year ended November 30, 2009:

	Note	Canadian GAAP	IFRS adjustments	IFRS reclassification	IFRS
		$	$	$	$
Revenue:					
Research services:					
Milestone payments	(c)	—	—	10,884	10,884
Upfront payments and initial technology access fees	(c)	—	—	6,560	6,560
Royalties and license fees	(c)	17,468	—	(17,444)	24
Interest	(c)	2,252	—	(2,252)	—
Total revenue		19,720	—	(2,252)	17,468
Research and development expenses, net of tax credits	(b),(c)	20,431	33	346	20,810
Selling and market development expenses	(b),(c)	2,583	10	4,269	6,862
General and administrative expenses	(b),(c)	7,149	55	(661)	6,543
Patents	(c)	346	—	(346)	—
Fees associated with the collaboration and licensing agreement	(c)	4,269	—	(4,269)	—
Total operating expenses		34,778	98	(661)	34,215
Results from operating activities		(15,058)	(98)	(1,591)	(16,747)
Finance income	(c)	—	—	2,252	2,252
Finance costs	(c)	—	—	(661)	(661)
Total net finance income		—	—	1,591	1,591
Net loss		(15,058)	(98)	—	(15,156)
Other comprehensive income, net of tax:					
Net change in fair value of available-for-sale financial assets, net of tax		1,039	—	—	1,039
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(129)	—	—	(129)
Other comprehensive income for the year		910	—	—	910
Total comprehensive income for the year		(14,148)	(98)	—	(14,246)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Reconciliation of comprehensive income for the three-month periods ended February 28, 2010 and 2009:

		February 28, 2010				February 28, 2009			
	Note	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS	Canadian GAAP	IFRS adjust-ments	IFRS reclassi-fications	IFRS
		$	$	$	$	$	$	$	$
Revenue:									
Research services:									
Upfront payments and initial technology access fees	(c)	—	—	1,711	1,711	—	—	1,426	1,426
Royalties and license fees	(c)	1,717	—	(1,711)	6	1,432	—	(1,426)	6
Interest	(c)	578	—	(578)	—	577	—	(577)	—
Total revenue		2,295	—	(578)	1,717	2,009	—	(577)	1,432
Research and development expenses, net of tax credits	(b),(c)	3,941	(22)	204	4,123	5,647	28	45	5,720
Selling and market development expenses	(b),(c)	616	4	—	620	481	—	4,269	4,750
General and administrative expenses	(b),(c)	1,801	(8)	(48)	1,745	2,321	45	(429)	1,937
Patents	(c)	204	—	(204)	—	45	—	(45)	—
Other expenses	(c)	—	—	—	—	4,269	—	(4,269)	—
Total operating expenses		6,562	(26)	(48)	6,488	12,763	73	(429)	12,407
Results from operating activities		(4,267)	26	(530)	(4,771)	(10,754)	(73)	(148)	(10,975)
Finance income	(c)	—	—	578	578	—	—	577	577
Finance costs	(c)	—	—	(48)	(48)	—	—	(429)	(429)
Total net finance income		—	—	530	530	—	—	148	148
Net loss		(4,267)	26	—	(4,241)	(10,754)	(73)	—	(10,827)
Other comprehensive income, net of tax:									
Net change in fair value of available-for-sale financial assets, net of tax		3	—	—	3	317	—	—	317
Net change in fair value of available-for-sale financial assets transferred to net loss, net of tax		(100)	—	—	(100)	(23)	—	—	(23)
Other comprehensive income for the period		(97)	—	—	(97)	294	—	—	294
Total comprehensive income for the period		(4,364)	—	—	(4,338)	(10,460)	(73)	—	(10,533)

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

Material adjustments to the consolidated statement of cash flows for 2010 and 2009:

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under previous Canadian GAAP.

Notes to the reconciliations:

(a) Reclassification in the consolidated statement of financial position:

Certain corresponding figures as at December 1, 2008, November 30, 2009, February 28, 2009 and 2010 have been reclassified to conform to the new presentation under IFRS.

(b) Share-based compensation:

In certain situations, stock options granted vest in installments over a specified vesting period. When the only vesting condition is service from the grant date to the vesting date of each tranche awarded, then each installment should be accounted for as a separate share-based payment arrangement under IFRS, otherwise known as graded vesting. Canadian GAAP permits an entity the accounting policy choice with respect to graded vesting awards. Each installment can be considered as a separate award, each with a different vesting period, consistent with IFRS, or the arrangement can be treated as a single award with a vesting period based on the average vesting period of the installments depending on the policy elected.

The Company's policy under Canadian GAAP was to treat graded vesting awards under the latter method and, as a result, an adjustment of $175 was required on the application of IFRS 2 at the transition date and an adjustment of $98 was required for the restated November 30, 2009, $73 for February 28, 2009 and ($26) for February 28, 2010 as shown below:

	December 1, 2008	November 30, 2009	February 28, 2009	February 28, 2010
	$	$	$	$
Consolidated statement of comprehensive income:				
Increase in research and development expenses	—	33	28	(22)
Increase in selling and market development expenses	—	10	—	4
Increase in general and administrative expenses	—	55	45	(8)
Adjustment to net loss and total comprehensive loss	—	98	73	(26)
Deficit	(175)	(273)	(248)	(247)
Increase in contributed surplus	175	273	248	247

(in thousands of Canadian dollars, except per share amounts)

8. Transition to IFRS (continued):

(c) Reclassification in the consolidated statement of comprehensive income:

Under IFRS, the Company elected to present expenses using a classification based on their function and presents net finance income separately. The effect of these changes is summarized below:

	November 30, 2009	February 28, 2010	February 28, 2009
	$	$	$
Decrease in interest	(2,252)	(578)	(577)
Increase in finance income	2,252	578	577
Increase in research and development expenses	346	204	45
Decrease in patent fees	(346)	(204)	(45)
Decrease in general and administrative expenses	(661)	(48)	(429)
Increase in finance costs	661	48	429
Increase in selling and market development activities	4,269	—	4,269
Decrease in other expenses	(4,269)	—	(4,269)
	—	—	—

Changes in presentation were also made to the revenue caption in order to conform with the new presentation under IFRS as noted below:

	November 30, 2009	February 28, 2010	February 28, 2009
	$	$	$
Decrease in royalties and license fees	(17,444)	(1,711)	(1,426)
Increase in upfront payments and initial technology access fees	6,560	1,711	1,426
Increase in milestone payments	10,884	—	—
	—	—	—

Exhibit 99.21

July 27, 2010

In order to correct a typographical error contained in the consolidated financial statements of the Company for the three (3) month period ended February 28, 2010 and 2009 (the "Financial Statements") and to comply with certain rules related to continuous disclosure obligation, the Company refiles, as of today, a corrected version of its Financial Statements.

The only correction to the Financial Statements relates to the deletion of the word "Draft" on each page of the Financial Statements. Except for this correction, the Financial Statements, as initially filed, remain unchanged.

The Company files simultaneously with this letter the corrected version of the Financial Statements.

(signed) Jocelyn Lafond

Jocelyn Lafond
Vice President, Legal Affairs

Corrected as at July 27, 2010

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2010 and 2009

Corrected as at July 27, 2010

THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2010 and 2009

Financial Statements

Corrected as at July 27, 2010

THERATECHNOLOGIES INC.
Consolidated Balance Sheets
(Unaudited)

February 28, 2010 and November 30, 2009
(in thousands of dollars)

	February 28, 2010	November 30, 2009
Assets		
Current assets:		
Cash	$ 3,332	$ 1,519
Bonds	6,264	10,036
Accounts receivable	281	375
Tax credits receivable	1,834	1,666
Inventories	2,251	2,225
Research supplies	270	287
Prepaid expenses	714	302
	14,946	16,410
Bonds	45,693	51,807
Property and equipment	1,209	1,229
Other assets	41	41
	$ 61,889	$ 69,487
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,073	$ 5,901
Current portion of deferred revenues (note 6)	6,855	6,847
	10,928	12,748
Deferred revenues (note 6)	11,980	13,691
Shareholders' equity:		
Capital stock (note 3)	279,230	279,169
Contributed surplus	6,720	6,484
Accumulated other comprehensive income	1,185	1,282
Deficit	(248,154)	(243,887)
	(246,969)	(242,605)
Total shareholders' equity	38,981	43,048
	$ 61,889	$ 69,487

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Operations
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

	2010	2009
Revenues:		
Royalties, technologies and other (note 6)	$ 1,717	$ 1,432
Interest	578	577
	2,295	2,009
Operating costs and expenses:		
Research and development	4,109	6,315
Tax credits	(168)	(668)
	3,941	5,647
General and administrative	1,801	2,321
Selling and market development	616	481
Patents	204	45
Fees associated with collaboration and licensing agreement (note 6)	—	4,269
	6,562	12,763
Net loss	$ (4,267)	$ (10,754)
Basic and diluted loss per share (note 3 (d))	$ (0.07)	$ (0.18)
Weighted average number of common shares outstanding	60,438,098	60,055,841

Consolidated Statements of Comprehensive Loss
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars)

	2010	2009
Net loss	$ (4,267)	$ (10,754)
Unrealized gains on available-for-sale financial assets	3	317
Reclassification adjustment for gains and losses on available-for-sale financial assets	(100)	(23)
Comprehensive loss	$ (4,364)	$ (10,460)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity
(Unaudited)

Three-month period ended February 28, 2010
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2009	60,429,393	$279,169	$ 6,484	$ 1,282	$(243,887)	$ 43,048
Exercise of stock options:						
Cash proceeds	21,164	38	—	—	—	38
Ascribed value	—	23	(23)	—	—	—
Stock-based compensation	—	—	259	—	—	259
Net loss	—	—	—	—	(4,267)	(4,267)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	(97)	—	(97)
Balance, February 28, 2010	60,450,557	$279,230	$ 6,720	$ 1,185	$(248,154)	$ 38,981

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity, Continued
(Unaudited)

Three-month periods ended February 28, 2009
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,230)	$ 46,946
Change in accounting policies (note 2 (a))	—	—	—	—	(599)	(599)
Issuance of share capital (note 6)	2,179,837	9,854	—	—	—	9,854
Stock-based compensation	—	—	205	—	—	205
Net loss	—	—	—	—	(10,754)	(10,754)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	294	—	294
Balance, February 28, 2009	60,394,927	$279,073	$ 5,790	$ 666	$(239,583)	$ 45,946

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars)

	2010	2009
Cash flows from operating activities:		
Net loss	$ (4,267)	$ (10,754)
Adjustments for:		
Amortization of property and equipment	147	137
Stock-based compensation	259	205
	(3,861)	(10,412)
Changes in operating assets and liabilities:		
Interest receivable on bonds	163	(969)
Accounts receivable	94	76
Tax credits receivable	(168)	(668)
Inventories	(26)	(1,594)
Research supplies	17	133
Prepaid expenses	(412)	(59)
Accounts payable and accrued liabilities	(1,780)	(128)
Deferred revenues	(1,703)	25,681
	(3,815)	22,472
	(7,676)	12,060
Cash flows from financing activities:		
Share issuance	38	9,854
Share issue costs	—	(8)
	38	9,846
Cash flows from investing activities:		
Additions to property and equipment	(175)	(102)
Acquisition of bonds	—	(19,631)
Disposal of bonds	9,626	4,585
	9,451	(15,148)
Net change in cash	1,813	6,758
Cash, beginning of period	1,519	133
Cash, end of period	$ 3,332	$ 6,891

See note 4 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Notes to Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation of its results. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The same accounting policies as described in the Company's latest annual report have been used. However, these financial statements do not include all disclosures required under GAAP and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest annual report. These interim financial statements have not been reviewed by the auditors.

2. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2008 by $599, respectively, which is the amount of patent costs related to periods prior to these dates.

(b) Future accounting changes:

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

3. Capital stock:

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the "Common Shares"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If, at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(b) Stock option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the three-month period ended February 28, 2010 were as follows:

	Number	Weighted average exercise price per share
Options as at November 30, 2008 (audited)	2,161,800	$ 6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009 (audited)	2,665,800	5.20
Granted	265,000	3.84
Cancelled and expired	(25,667)	3.26
Exercised	(21,164)	1.80
Options as at February 28, 2010	2,883,969	$ 5.12

(c) Stock-based compensation and other stock-based payments:

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.79%
Volatility	81%	79%
Average option life in years	6	6
Dividend yield	Nil	Nil

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(c) Stock-based compensation and other stock-based payments (continued):

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time of similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended February 28, 2010 and 2009:

	Number of options	Weighted average grant-date fair value
2010	265,000	$ 2.96
2009	590,500	1.24

(d) Diluted loss per share:

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute the basic earnings per share in the future.

4. Supplemental information:

(a) The following transactions were conducted by the Company and did not impact cash flows:

	February 28, 2010	November 30, 2009
Additions to property and equipment included in accounts payable and accrued liabilities	$ 135	$ 183

(in thousands of dollars, except per share amounts)

4. Supplemental information (continued):

(b) For the three-month period ended February 28, 2010, the Company has reclassified in net loss $100 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income ($23 in 2009).

On February 28, 2010, the accumulated other comprehensive loss was composed of unrealized gains on available-for-sale financial assets of $1,185 (gain of $1,282 on November 30, 2009).

(c) For the three-month periods ended February 28, 2010 and 2009, the following items were included in the determination of the Company's net loss:

	2010	2009
Amortization of property and equipment	$ 147	$ 137
Stock-based compensation	259	205

5. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of these instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

THERATECHNOLOGIES INC.
Notes to Consolidated Financial Statements, Continued
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

5. Financial instruments (continued):

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $44 ($416 in 2009) for the three-month period ended February 28, 2010.

6. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. (“EMD Serono”), and affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the “Initial Product”). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the three-month period ended February 28, 2010, an amount of $1,711 related to this transaction was recognized as revenue. At February 28, 2010, the deferred revenues related to this transaction amounted to $18,826.

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application (“NDA”) made by the Company for tesamorelin. Under the terms of the Company’s Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

6. Collaboration and licensing agreement (continued):

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER

Revenues

Consolidated revenues for the three-month period ended February 28, 2010, amounted to $2,295,000 compared to $2,009,000 for 2009. The increased revenues in 2010 are related to a longer amortization period (3 months in 2010 versus 2.5 months in 2009) for the initial payment of the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono").

The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended February 28, 2010, an amount of $1,711,000 ($1,426,000 for the same period in 2009) related to this transaction was recognized as revenue. At February 28, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $18,826,000.

R&D Activities

Research and development ("R&D") expenditures, before tax credits, totalled $4,109,000 for the first quarter of 2010, compared to $6,315,000 in 2009. The R&D expenses incurred in the first quarter of 2010 are mainly related to the primary objective of the Company, which encompasses the regulatory activities connected with the preparation for the FDA Advisory Committee meeting. This explains the planned reduction in R&D expenses. The research and development expenses incurred in the first quarter of 2009 are essentially related to closing activities for the confirmatory Phase 3 study.

Other Expenses

For the first quarter of 2010, general and administrative expenses amounted to $1,801,000, compared to $2,321,000 for the same period in 2009. These expenses are comparable to those of 2009, with the exception of exchange loss and the costs associated with revising the Company's business plan in 2009.

Selling and market development costs amounted to $616,000 for the first quarter of 2010, compared to $481,000 for the same period in 2009. The sales and market development expenses are principally composed of business development and market research expenses outside the United States and the costs of managing the agreement with EMD Serono.

In the first quarter of 2010, patents amounted to $204,000 and were principally related to costs associated with patents for the preclinical programs.

In 2009, the Company incurred expenses of $4,269,000 associated with the closing of the agreement with EMD Serono.

Net Results

Taking into account the revenues and expenses described above, the Company recorded a first quarter 2010 net loss of $4,267,000 ($0.07 per share), compared to a net loss of $10,754,000 ($0.18 per share) for the same period in 2009.

The net loss in 2010 includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see Annex A) amounted to $5,978,000 in 2010, a decrease of 24.4% compared to the same period in 2009.

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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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			2008
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$ 2,295**	$ 2,246	$ 13,148	$ 2,317	$ 2,009	$ 616	$ 710	$ 716
Net (loss) earnings	**$ (4,267)**	$ (4,698)	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)	$ (11,220)	$ (11,382)
Basic and diluted (loss) earnings per share	**$ (0.07)**	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)	$ (0.20)

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At February 28, 2010, liquidities, which include cash and bonds, amounted to $55,289,000, and tax credits receivable amounted to $1,834,000 for a total of $57,123,000.

For the three-month period ended February 28, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $3,861,000, compared to $10,412,000 in 2009. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $5,572,000 for the quarter ended February 28, 2010, compared to $7 569 000 for the first quarter of 2009, a decrease of 26.4%.

New Accounting Policies

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, will converge with International Financial Reporting Standards ("IFRS"). The Company's changeover date from current Canadian generally accepted accounting principles ("GAAP") to IFRS applies to the interim and annual financial statements of the fiscal year beginning December 1, 2011, when the Company will report financial information for both the first quarter and comparative period using IFRS.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures.

The Company's IFRS convergence project includes four steps: diagnostic and planning, detailed analysis, design, and implementation.

Phase One: Diagnostic Phase - This phase involves establishing a project plan for IFRS convergence and the initial identification of differences between Canadian GAAP and IFRS. The Company is currently assessing the conversion of its consolidated financial statements to IFRS and expects to complete this phase in the next quarter. It is not presently possible to determine the impact of converting to IFRS on the consolidated financial statements or on the Company's business because the diagnostic phase has not been completed. Once it is completed, the Company will be in a position to confirm the schedule for the following phases.

Phase Two: Detailed Analysis — This phase involves a comprehensive assessment of the differences between IFRS and the Company's current accounting policies in order to evaluate the impact on the Company. In addition, the detailed analysis will identify training requirements, and determine eventual changes to business processes and information systems.

Phase Three: Design — This phase consists of an analysis of the available accounting options under IFRS, notably the exceptions, exemptions and actual choices available for the transition and the preparation of draft IFRS financial statements and the accompanying notes. In addition, it is during this phase that changes to the business processes and the information systems are designed.

Phase Four: Implementation — This phase involves implementing changes to systems, business processes and internal controls, determining the opening IFRS transition balance sheet and the impact on taxation, parallel accounting under Canadian GAAP and IFRS and preparing detailed reconciliations between Canadian GAAP and IFRS financial statements.

Outstanding Share Data

On March 22, 2010, the number of shares issued and outstanding was 60,450,890, while outstanding options granted under the stock option plan were 2,883,636.

Contractual Obligations

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 2009 Annual Report.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release and the Management's Discussion and Analysis for the first quarter incorporated therein 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 pursuit of the Company's business plan with the funds that it has available, the search for partners in new markets and the completion of a transition plan for IFRS. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that the Company's funding needs may change, that the Company is unable to conclude agreements with partners in new markets for tesamorelin and that the timeline for preparing a transition plan for IFRS is not met.

Although the forward-looking information 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, among others, that the operating activities of the Company will conform to its business plan, the Company will reach agreements with partners in new markets for tesamorelin and the Company will not experience any difficulties in preparing a transition plan for IFRS.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

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ANNEX A

Non-GAAP measures

The Company uses measures that do not conform to generally accepted accounting principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and reconciliation of non-GAAP measures

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the collaboration and license agreement with EMD Serono, management uses adjusted net loss and adjusted burn rate from operating activities before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

(Thousands of dollars)	First Quarter 2010	2009
Adjusted net loss		
Net loss, per the financial statements	$ (4,267)	$ (10,754)
Adjustments:		
Revenues associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	$ (1,711)	$ (1,426)
Fees associated with collaboration and license agreement	—	$ 4,269
Adjusted net loss	$ (5,978)	$ (7,911)

	First Quarter 2010	2009
Adjusted burn rate before changes in operating assets and liabilities		
Burn rate before changes in operating assets and liabilities, per the financial statements	$ (3,861)	$ (10,412)
Adjustments:		
Revenues associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	$ (1,711)	$ (1,426)
Fees associated with collaboration and license agreement	—	$ 4,269
Adjusted burn rate before changes in operating assets and liabilities	$ (5,572)	$ (7,569)

DRAFT

Exhibit 99.23

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Three-month periods ended February 28, 2010 and 2009

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THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2010 and 2009

Financial Statements

THERATECHNOLOGIES INC.
Consolidated Balance Sheets
(Unaudited)

February 28, 2010 and November 30, 2009
(in thousands of dollars)

	February 28, 2010	November 30, 2009
Assets		
Current assets:		
Cash	$ 3,332	$ 1,519
Bonds	6,264	10,036
Accounts receivable	281	375
Tax credits receivable	1,834	1,666
Inventories	2,251	2,225
Research supplies	270	287
Prepaid expenses	714	302
	14,946	16,410
Bonds	45,693	51,807
Property and equipment	1,209	1,229
Other assets	41	41
	$ 61,889	$ 69,487
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 4,073	$ 5,901
Current portion of deferred revenues (note 6)	6,855	6,847
	10,928	12,748
Deferred revenues (note 6)	11,980	13,691
Shareholders' equity:		
Capital stock (note 3)	279,230	279,169
Contributed surplus	6,720	6,484
Accumulated other comprehensive income	1,185	1,282
Deficit	(248,154)	(243,887)
	(246,969)	(242,605)
Total shareholders' equity	38,981	43,048
	$ 61,889	$ 69,487

See accompanying notes to unaudited consolidated financial statements.

18/03/2010 1:37 PM

THERATECHNOLOGIES INC.
Consolidated Statement of Operations
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

	2010	2009
Revenues:		
Royalties, technologies and other (note 6)	$ 1,717	$ 1,432
Interest	578	577
	2,295	2,009
Operating costs and expenses:		
Research and development	4,109	6,315
Tax credits	(168)	(668)
	3,941	5,647
General and administrative	1,801	2,321
Selling and market development	616	481
Patents	204	45
Fees associated with collaboration and licensing agreement (note 6)	—	4,269
	6,562	12,763
Net loss	$ (4,267)	$ (10,754)
Basic and diluted loss per share (note 3 (d))	$ (0.07)	$ (0.18)
Weighted average number of common shares outstanding	60,438,098	60,055,841

Consolidated Statements of Comprehensive Loss
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars)

	2010	2009
Net loss	$ (4,267)	$ (10,754)
Unrealized gains on available-for-sale financial assets	3	317
Reclassification adjustment for gains and losses on available-for-sale financial assets	(100)	(23)
Comprehensive loss	$ (4,364)	$ (10,460)

See accompanying notes to unaudited consolidated financial statements.

18/03/2010 1:37 PM

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity
(Unaudited)

Three-month period ended February 28, 2010
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2009	60,429,393	$279,169	$ 6,484	$ 1,282	$(243,887)	$ 43,048
Exercise of stock options:						
Cash proceeds	21,164	38	—	—	—	38
Ascribed value	—	23	(23)	—	—	—
Stock-based compensation	—	—	259	—	—	259
Net loss	—	—	—	—	(4,267)	(4,267)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	(97)	—	(97)
Balance, February 28, 2010	60,450,557	$279,230	$ 6,720	$ 1,185	$(248,154)	$ 38,981

See accompanying notes to unaudited consolidated financial statements.

18/03/2010 1:37 PM

THERATECHNOLOGIES INC.
Consolidated Statements of Shareholders' Equity, Continued
(Unaudited)

Three-month periods ended February 28, 2009
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,230)	$ 46,946
Change in accounting policies (note 2 (a))	—	—	—	—	(599)	(599)
Issuance of share capital (note 6)	2,179,837	9,854	—	—	—	9,854
Stock-based compensation	—	—	205	—	—	205
Net loss	—	—	—	—	(10,754)	(10,754)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	294	—	294
Balance, February 28, 2009	60,394,927	$279,073	$ 5,790	$ 666	$(239,583)	$ 45,946

See accompanying notes to unaudited consolidated financial statements.

18/03/2010 1:37 PM

THERATECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars)

	2010	2009
Cash flows from operating activities:		
Net loss	$ (4,267)	$ (10,754)
Adjustments for:		
Amortization of property and equipment	147	137
Stock-based compensation	259	205
	(3,861)	(10,412)
Changes in operating assets and liabilities:		
Interest receivable on bonds	163	(969)
Accounts receivable	94	76
Tax credits receivable	(168)	(668)
Inventories	(26)	(1,594)
Research supplies	17	133
Prepaid expenses	(412)	(59)
Accounts payable and accrued liabilities	(1,780)	(128)
Deferred revenues	(1,703)	25,681
	(3,815)	22,472
	(7,676)	12,060
Cash flows from financing activities:		
Share issuance	38	9,854
Share issue costs	—	(8)
	38	9,846
Cash flows from investing activities:		
Additions to property and equipment	(175)	(102)
Acquisition of bonds	—	(19,631)
Disposal of bonds	9,626	4,585
	9,451	(15,148)
Net change in cash	1,813	6,758
Cash, beginning of period	1,519	133
Cash, end of period	$ 3,332	$ 6,891

See note 4 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

18/03/2010 1:37 PM

THERATECHNOLOGIES INC.
Notes to Consolidated Financial Statements
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation of its results. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP"). The same accounting policies as described in the Company's latest annual report have been used. However, these financial statements do not include all disclosures required under GAAP and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest annual report. These interim financial statements have not been reviewed by the auditors.

2. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2008 by $599, respectively, which is the amount of patent costs related to periods prior to these dates.

(b) Future accounting changes:

International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board ("AcSB") confirmed that Canadian GAAP, as used by publicly accountable enterprises, would be fully converged into International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

3. Capital stock:

(a) Shareholder rights plan:

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the "Plan''), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for the Company. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the “Common Shares”). The Plan, if approved by the shareholders, will expire at the close of the Company’s annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20% or more of the outstanding Common Shares without complying with the "Permitted Bid'' provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50% discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If, at the end of 60 days at least 50% of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

THERATECHNOLOGIES INC.
Notes to Consolidated Financial Statements, Continued
(Unaudited)

Three-month periods ended February 28, 2010 and 2009
(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(b) Stock option plan:

Changes in outstanding options granted under the Company's stock option plan for the year ended November 30, 2009 and the three-month period ended February 28, 2010 were as follows:

	Number	Weighted average exercise price per share
Options as at November 30, 2008 (audited)	2,161,800	$ 6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009 (audited)	2,665,800	5.20
Granted	265,000	3.84
Cancelled and expired	(25,667)	3.26
Exercised	(21,164)	1.80
Options as at February 28, 2010	2,883,969	$ 5.12

(c) Stock-based compensation and other stock-based payments:

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Risk-free interest rate	2.46%	1.79%
Volatility	81%	79%
Average option life in years	6	6
Dividend yield	Nil	Nil

(in thousands of dollars, except per share amounts)

3. Capital stock (continued):

(c) Stock-based compensation and other stock-based payments (continued):

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected term of the option. The average life of the options is estimated considering the vesting period, the term of the option and the length of time of similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company not to retain in cash in order to keep funds available to finance the Company's growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended February 28, 2010 and 2009:

	Number of options	Weighted average grant-date fair value
2010	265,000	$ 2.96
2009	590,500	1.24

(d) Diluted loss per share:

Diluted loss per share was not presented as the effect of options would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute the basic earnings per share in the future.

4. Supplemental information:

(a) The following transactions were conducted by the Company and did not impact cash flows:

	February 28, 2010	November 30, 2009
Additions to property and equipment included in accounts payable and accrued liabilities	$ 135	$ 183

(in thousands of dollars, except per share amounts)

4. Supplemental information (continued):

(b) For the three-month period ended February 28, 2010, the Company has reclassified in net loss $100 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income ($23 in 2009).

On February 28, 2010, the accumulated other comprehensive loss was composed of unrealized gains on available-for-sale financial assets of $1,185 (gain of $1,282 on November 30, 2009).

(c) For the three-month periods ended February 28, 2010 and 2009, the following items were included in the determination of the Company's net loss:

	2010	2009
Amortization of property and equipment	$147	$137
Stock-based compensation	259	205

5. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of these instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

5. Financial instruments (continued):

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $44 ($416 in 2009) for the three-month period ended February 28, 2010.

6. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, Inc. (“EMD Serono”), and affiliate of Merck KGaA, of Darmstadt, Germany, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy (the “Initial Product”). The Company retains all tesamorelin commercialization rights outside of the United States.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the initial product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, 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, if applicable.

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the three-month period ended February 28, 2010, an amount of $1,711 related to this transaction was recognized as revenue. At February 28, 2010, the deferred revenues related to this transaction amounted to $18,826.

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application (“NDA”) made by the Company for tesamorelin. Under the terms of the Company’s Collaboration and Licensing Agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

6. Collaboration and licensing agreement (continued):

The Company may conduct research and development for additional indications. Under the Collaboration and Licensing Agreement, EMD Serono will have the option to commercialize additional indications for tesamorelin in the United States. If it exercises this option, EMD Serono 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 additional indications.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FOURTH QUARTER

Revenues

Consolidated revenues for the three-month period ended November 30, 2009, amounted to $2,246,000 compared to $616,000 for the same period in 2008. For the year ended November 30, 2009, consolidated revenues were $19,720,000 compared to $2,641,000 for the same period in 2008.

Royalties, technologies and other

The increased revenues in 2009 are related to the initial payment received on December 15, 2008, upon the closing of the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono") as well as the receipt of a milestone payment of $10,884,000 during the third quarter of 2009.

The payment of US $30,000,000 (CAD $36,951,000) included an initial payment of US $22,000,000 (CAD $27,097,000) and a subscription for common shares by Merck KGaA at a price of US $3.67 (CAD $4.52) per share, resulting in gross proceeds of US $8,000,000 (CAD $9,854,000). The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive related to the estimated service period. For the year ended November 30, 2009, an amount of $6,560,000 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction recorded on the balance sheet amounted to $20,537,000.

The milestone payment of $10,884,000, received during the third quarter under the terms of the collaboration and licensing agreement with EMD Serono, is associated with the acceptance by the U.S. Food and Drug Administration ("FDA") to review the New Drug Application ("NDA") for tesamorelin that was submitted by Theratechnologies on May 29, 2009. Under the terms of the collaboration and licensing agreement with EMD Serono, a milestone payment of US $10,000,000 was associated with the FDA's acceptance to review the NDA for tesamorelin. All milestone payments, including the aforementioned payment, are recorded as they are earned, upon the achievement of predetermined milestones specified in the agreement.

Interest

Interest revenues for the three-month period ended November 30, 2009, amounted to $528,000 compared to $518,000 for the same period in 2008. For the year ended November 30, 2009, interest revenues were $2,252,000 compared to $2,427,000 for the same period in 2008. The decrease in interest revenues during the three-month period is associated with lower interest rates during the year, which translated to a lower return on investment. In the fourth quarter of 2009, this decrease in interest rates was compensated by an increase in the average level of investments.

R&D Activities

Research and Development ("R&D") expenditures, before tax credits, totalled $4,534,000 for the fourth quarter of 2009, compared to $6,313,000 for the same period in 2008, representing a decrease of 28.2%. For the year ended November 30, 2009, R&D expenditures were $22,226,000, compared to $35,326,000 for the same period in 2008, representing a decrease of 37.1%. These lower levels of R&D expenses are due to the conclusion of the Phase 3 clinical program in the first half of 2009. The R&D expenses in 2009 include a non-recurring charge of $1,377,000 associated with research material produced to obtain stability data and to validate the commercial production process as requested by the FDA. The R&D expenses incurred in the fourth quarter of 2009 are mainly related to follow up on the regulatory filing notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as the preparation for larger-scale production of tesamorelin.

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Other Expenses

For the fourth quarter of 2009, general and administrative expenses amounted to $1,634,000, compared to $1,874,000 for the same period in 2008. For the year ended November 30, 2009, general and administrative expenses amounted to $7,149,000 compared to $6,185,000 for the same period in 2008. The increased expenses in 2009 are principally due to a higher exchange loss as well as costs associated with revising the Company's business plan in the first quarter. The exchange losses are due to the conversion of monetary assets and liabilities denominated in foreign currencies into Canadian dollar equivalents using rates of exchange in effect on the balance sheet date.

Selling and market development costs amounted to $1,067,000 for the fourth quarter of 2009, compared to $1,124,000 for the same period in 2008. For the year ended November 30, 2009, selling and market development expenses amounted to $2,583,000, compared to $3,811,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of an agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Since the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono.

In the fourth quarter of 2008, Theratechnologies conducted an impairment test on the intellectual property of the ExoPep platform following a review of the development strategy by Management for new products. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The write-off of $4,571,000 is included in "Patents, amortization and impairment of other assets" in the consolidated statement of earnings.

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

Net Results

Taking into account the changes in revenues and expenses described above, the Company recorded a fourth quarter net loss of $4,698,000 ($0.08 loss per share), compared to a net loss of $15,145,000 ($0.26 loss per share) for the same period in 2008. For the year ended November 30, 2009, the net loss was $15,058,000 ($0.25 loss per share), compared to a net loss of $48,611,000 ($0.85 loss per share) for the same period in 2008. The net loss in 2008 included the previously described decline in impairment charges, totalling $5,149,000.

The fourth quarter 2009 net loss includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see Annex A) amounted to $6,409,000, a decrease of 57.7% compared to the same period in 2008. For the year ended November 30, 2009, the net loss included revenue of $17,444,000 and a non-recurring charge of $4,269,000 related to the agreement with EMD Serono. Excluding these two items, the adjusted net loss (see Annex A) amounted to $28,233,000, a decrease of 41.9% compared to the same period in 2008.

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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2009				2008			
	Q4	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**$ 2,246**	$ 13,148	$ 2,317	$ 2,009	$ 616	$ 710	$ 716	$ 599
Net earnings (net loss)	**$ (4,698)**	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)	$ (11,220)	$ (11,382)	$ (10,864)
Basic and diluted benefit (loss) per share	**$ (0.08)**	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)	$ (0.20)	$ (0.20)

As described above, the increased revenues in 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At November 30, 2009, liquidities, which include cash and bonds, amounted to $63,362,000, and tax credits receivable amounted to $1,666,000 for a total of $65,028,000.

For the three-month period ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,333,000, compared to $9,559,000 for the same period in 2008. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $6,044,000, a decrease of 36.8%, compared to the corresponding period in 2008.

For the year ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $13,547,000, compared to $41,592,000 for the same period in 2008. The decrease in the 2009 burn rate is principally related to the payments received under the agreement with EMD Serono as well as the decline in R&D expenditures and in selling and market development costs. Excluding the revenue of $17,444,000 and the non-recurring charge of $4,269,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $26,722,000, a decrease of 35.8%, compared to the corresponding period in 2008.

Subsequent Events

Shareholder rights plan

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the “Plan”), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the “Common Shares”). The Plan, if approved by the shareholders at the Company’s next Annual and Special Meeting to be held in March 2010, will expire at the close of the Company’s annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20 percent or more of the outstanding Common Shares without complying with the “Permitted Bid” provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50 percent discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50 percent of the

outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

Granting of stock options

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

New Accounting Policies

Refer to Note 2 of the Company's unaudited Consolidated Financial Statements for the fourth quarter of 2009.

The impact of adopting Section 3064, *Goodwill and Intangible Assets*, of the CICA Handbook was to increase the opening deficit and to reduce other assets on December 1, 2007 and 2008 by $941,000 and $599,000 respectively. These amounts correspond to adjustments made to patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented in the consolidated statements of earnings were reduced by $342,000 for the year ended November 30, 2008.

Outstanding Share Data

On February 9, 2010, the number of shares issued and outstanding was 60,449,225, while outstanding options granted under the stock option plan were 2,891,801.

Contractual Obligations

The Company rents its premises under an operating lease expiring in April 2010. In 2009, the lease was renewed by the Company and the lessor for a period of 11 years ending April 30, 2021. Refer to Note 7 of the Company's unaudited Consolidated Financial Statements for the fourth quarter of 2009.

In addition, during and after the year ended November 30, 2009, the Company entered into long-term supply agreements with third parties in anticipation of the commercialization of tesamorelin. Certain of these agreements stipulate an obligation to purchase minimum quantities of products in certain circumstances.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in the Company's 2008 Annual Report.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application (NDA) to the United States Food and Drug Administration (FDA), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy as well as the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release and the Management's Discussion and Analysis for the fourth quarter incorporated therein 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 commercialization of tesamorelin in HIV-associated lipodystrophy, the receipt of royalties related to the commercialisation of tesamorelin, the development of new markets for tesamorelin, the conclusion of partnership agreements and the liquidity needs to finance the Company's operations. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties 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, and the delays that may occur if the Company encounters problems with a third-party supplier of services.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company's business plan will not be substantially modified 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 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details and descriptions of these risks and other factors are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 24, 2009, for the year ended November 30, 2008. 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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ANNEX A

Non-GAAP measures

The Company uses measures that do not conform to generally accepted accounting principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and reconciliation of non-GAAP measures

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the collaboration and license agreement with EMD Serono, management uses adjusted net loss and adjusted burn rate before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

(Thousands of dollars)

	November 30th (3 months)		November 30th (12 months)	
Adjusted net loss	**2009**	**2008**	**2009**	**2008**
Net loss, per the financial statements	$ (4,698)	$ (15,145)	$ (15,058)	$ (48,611)
Adjustments:				
Revenues associated with a collaboration and license agreement (note 7 to the consolidated financial statements)	(1,711)	—	(17,444)	—
Fees associated with collaboration and license agreement	—	—	4,269	—
Adjusted net loss	$ (6,409)	$ (15,145)	$ (28,233)	$ (48,611)

	November 30th (3 months)		November 30th (12 months)	
Adjusted burn rate before changes in operating assets and liabilities	**2009**	**2008**	**2009**	**2008**
Burn rate before changes in operating assets and liabilities, per the financial statements	$ (4,333)	$ (9,559)	$ (13,547)	$ (41,592)
Adjustments:				
Revenues associated with a collaboration and license agreement (note 7 to the consolidated financial statements)	(1,711)	—	(17,444)	—
Fees associated with collaboration and license agreement	—	—	4,269	—
Adjusted burn rate before changes in operating assets and liabilities	$ (6,044)	$ (9,559)	$ (26,722)	$ (41,592)

Exhibit 99.25

Consolidated Financial Statements of
(Unaudited)

THERATECHNOLOGIES INC.

Periods ended November 30, 2009 and 2008

THERATECHNOLOGIES INC.
Consolidated Financial Statements
(Unaudited)

Periods ended November 30, 2009 and 2008

Financial Statements

THERATECHNOLOGIES INC.
Consolidated Balance Sheets
(Unaudited)

November 30, 2009 and 2008
(in thousands of dollars)

	2009	2008 (Restated - note 2 (a))
Assets		
Current assets:		
Cash	$ 1,519	$ 133
Bonds	10,036	10,955
Accounts receivable	375	610
Tax credits receivable	1,666	1,784
Inventories	2,225	—
Research supplies	287	301
Prepaid expenses	302	397
	16,410	14,180
Bonds	51,807	35,249
Property and equipment	1,229	1,299
Other assets	41	2,817
	$ 69,487	$ 53,545
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,901	$ 7,198
Current portion of deferred revenues (note 6)	6,847	—
	12,748	7,198
Deferred revenues (note 6)	13,691	—
Shareholders' equity:		
Capital stock (note 3)	279,169	269,219
Contributed surplus	6,484	5,585
Accumulated other comprehensive income	1,282	372
Deficit	(243,887)	(228,829)
	(242,605)	(228,457)
Total shareholders' equity	43,048	46,347
Commitments (note 7)		
Subsequent events (note 8)		
	$ 69,487	$ 53,545

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Earnings
(Unaudited)

Periods ended November 30, 2009 and 2008
(in thousands of dollars, except per share amounts)

	Fourth quarter		Year	
	2009	2008	2009	2008
		(Restated - note 2 (a))		(Restated - note 2 (a))
Revenues:				
Royalties, technologies and other (note 6)	$ 1,718	$ 98	$ 17,468	$ 214
Interest	528	518	2,252	2,427
	2,246	616	19,720	2,641
Operating costs and expenses:				
Research and development	4,534	6,313	22,226	35,326
Tax credits	(411)	(334)	(1,795)	(2,111)
	4,123	5,979	20,431	33,215
General and administrative	1,634	1,874	7,149	6,185
Selling and market development	1,067	1,124	2,583	3,811
Patents, amortization and impairment of other assets	120	4,727	346	5,239
Fees associated with the strategic review process	—	1,479	—	2,224
Fees associated with collaboration and licensing agreement (note 6)	—	—	4,269	—
	6,944	15,183	34,778	50,674
Operating loss before undernoted item	(4,698)	(14,567)	(15,058)	(48,033)
Realized loss on impairment of available-for-sale financial assets (note 4 (b))	—	(578)	—	(578)
Net loss	$ (4,698)	$ (15,145)	$ (15,058)	$ (48,611)
Basic and diluted loss per share (note 3 (c))	$ (0.08)	$ (0.26)	$ (0.25)	$ (0.85)
Weighted average number of common shares outstanding	60,403,790	58,165,795	60,314,309	57,415,468

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Comprehensive Loss
(Unaudited)

Periods ended November 30, 2009 and 2008
(in thousands of dollars)

	Fourth quarter		Year	
	2009	2008 (Restated - note 2 (a))	2009	2008 (Restated - note 2 (a))
Net loss	$ (4,698)	$ (15,145)	$(15,058)	$ (48,611)
(Losses) unrealized gains on available-for-sale financial assets	(288)	71	1,039	133
Reclassification adjustment for gains and losses on available-for-sale financial assets (note 4 (b))	(11)	572	(129)	572
Comprehensive loss	$ (4,997)	$ (14,502)	$(14,148)	$ (47,906)

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Shareholders' Equity
(Unaudited)

Period ended November 30, 2009
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income	Deficit	Total
	Number	Dollars				
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,829)	$ 46,347
Issuance of share capital (notes 3 and 6)	2,214,303	9,950	—	—	—	9,950
Stock-based compensation	—	—	899	—	—	899
Net loss	—	—	—	—	(15,058)	(15,058)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	910	—	910
Balance, November 30, 2009	60,429,393	$279,169	$ 6,484	$ 1,282	$(243,887)	$ 43,048

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statement of Shareholders' Equity, Continued
(Unaudited)

Period ended November 30, 2008
(in thousands of dollars)

	Capital stock		Contributed surplus	Accumulated other compre-hensive income (loss)	Deficit	Total
	Number	Dollars				
Balance, November 30, 2007	54,531,133	$238,842	$ 4,807	$ (333)	$(177,339)	$ 65,977
Changes in accounting policies	—	—	—	—	(941)	(941)
Issuance of share capital	3,564,291	29,899	—	—	—	29,899
Share issue costs	—	—	—	—	(1,938)	(1,938)
Exercise of stock options:						
Cash proceeds	119,666	397	—	—	—	397
Ascribed value	—	81	(81)	—	—	—
Stock-based compensation	—	—	859	—	—	859
Net loss	—	—	—	—	(48,611)	(48,611)
Change in unrealized gains and losses on available-for-sale financial assets	—	—	—	705	—	705
Balance, November 30, 2008	58,215,090	$269,219	$ 5,585	$ 372	$(228,829)	$ 46,347

See accompanying notes to unaudited consolidated financial statements.

THERATECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(Unaudited)

Periods ended November 30, 2009 and 2008
(in thousands of dollars)

	Fourth quarter		Year	
	2009	2008 (Restated - note 2 (a))	2009	2008 (Restated - note 2 (a))
Cash flows from operating activities:				
Net loss	$ (4,698)	$ (15,145)	$(15,058)	$ (48,611)
Adjustments for:				
Amortization of property and equipment	171	160	612	625
Amortization and impairment of other assets	—	4,667	—	4,957
Stock-based compensation	194	181	899	859
Realized loss on impairment of available-for-sale financial assets	—	578	—	578
	(4,333)	(9,559)	(13,547)	(41,592)
Changes in operating assets and liabilities:				
Interest receivable on bonds	(195)	219	(923)	405
Accounts receivable	(155)	(20)	260	(134)
Tax credits receivable	1,501	(335)	118	(366)
Inventories	(631)	—	(2,225)	—
Research supplies	742	(498)	2,765	582
Prepaid expenses	421	109	95	17
Accounts payable and accrued liabilities	1,166	(3,765)	(1,424)	(1,324)
Deferred revenues	(1,714)	—	20,538	—
	1,135	(4,290)	19,204	(820)
	(3,198)	(13,849)	5,657	(42,412)
Cash flows from financing activities:				
Share issuance	89	121	9,950	30,296
Share issue costs	—	(23)	(8)	(1,930)
	89	98	9,942	28,366
Cash flows from investing activities:				
Addition to property and equipment	(117)	(31)	(407)	(301)
Acquisition of bonds	(9,480)	(4,815)	(29,111)	(17,987)
Disposal of bonds	1,500	9,115	15,305	29,889
	(8,097)	4,269	(14,213)	11,601
Net change in cash	(11,206)	(9,482)	1,386	(2,445)
Cash, beginning of period	12,725	9,615	133	2,578
Cash, end of period	$ 1,519	$ 133	$ 1,519	$ 133

See note 4 (a) for supplemental cash flow information.

See accompanying notes to unaudited consolidated financial statements.

1. Basis of presentation:

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation of its results. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles. The same accounting policies as described in the Company's latest Annual Report have been used, except as described in note 2 below. However, these financial statements do not include all disclosures required under generally accepted accounting principles and, accordingly, should be read in connection with the financial statements and the notes thereto included in the Company's latest Annual Report. These interim financial statements have not been reviewed by the auditors.

2. New accounting policies:

(a) Adoption of new accounting standards:

Goodwill and intangible assets

Effective with the commencement of its 2009 fiscal year, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*, which will replace Section 3062, *Goodwill and Other Intangible Assets,* and Section 3450*, Research and Development Costs.* The standard provides guidance on the recognition of intangible assets in accordance with the definition of an asset and the criteria for asset recognition, whether these assets are separately acquired or internally developed. The impact of adopting this standard has been to increase the opening deficit and to reduce other assets at December 1, 2007 and 2008 by $941 and $599, respectively, which is the amount of patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented on the consolidated statements of earnings were reduced by $342 for the year ended November 30, 2008.

Inventories

Effective with the commencement of its 2009 fiscal year, the Company adopted CICA Section 3031, *Inventories*, which replaces Section 3030 and harmonizes the Canadian standards related to inventories with International Financial Reporting Standards ("IFRS''). This Section provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing; and expands the disclosure requirements to increase transparency. As the Company had no inventories on November 30, 2008, the adoption of this section had no impact on the Company's consolidated financial statements.

2. New accounting policies (continued):

(a) Adoption of new accounting standards (continued):

Credit risk and fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") of the Accounting Standards Board ("AcSB") issued EIC Abstract 173, *Credit Risk and Fair Value of Financial Assets and Financial Liabilities*, which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC 173 is applied retrospectively, without restatement of prior years, to all financial assets and liabilities measured at fair value in the interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of EIC 173 did not have an impact on the consolidated financial statements of the Company.

Financial instruments — Disclosures

In June 2009, the AcSB issued amendments to CICA Handbook Section 3862, *Financial Instruments — Disclosures*, in order to align with International Financial Reporting Standard IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at November 30, 2009. The amended section relates to disclosure only and did not impact the financial results of the Company.

(b) Future accounting changes:

Business Combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*. The Company is in the process of evaluating the requirements of the new standards.

2. New accounting policies (continued):

(b) Future accounting changes (continued):

Business Combinations, consolidated financial statements and non-controlling interests (continued)

Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 - *Business Combinations*. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 and early application is permitted.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 — *Consolidated and Separate Financial Statements* , Sections 1601 and 1602, and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011 and early application is permitted.

International Financial Reporting Standards

In February 2008, Canada's AcSB confirmed that Canadian generally accepted accounting principles, as used by publicly accountable enterprises, will be fully converged into IFRS, as issued by the International Accounting Standards Board (IASB). The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As a result, the Company will be required to report under IFRS for its 2012 interim and annual financial statements. The Company will convert to these new standards according to the timetable set within these new rules. The Company will determine at a future date the impact of adopting the standards on its consolidated financial statements.

(in thousands of dollars, except per share amounts)

3. Capital stock:

Under the terms of the agreement with EMD Serono Inc. ("EMD Serono"), the Company issued 2,179,837 common shares for a cash consideration of $9,854 (see note 6).

In 2009, the Company received subscriptions in the amount of $96 for the issue of 34,466 common shares in connection with its share purchase plan.

(a) Stock option plan:

Changes in outstanding options granted under the Company's stock option plan for the years ended November 30, 2009 and 2008 were as follows:

	Number	Weighted average exercise price
Options as at November 30, 2007	2,207,633	$ 6.32
Granted	111,000	7.98
Exercised	(119,666)	3.32
Cancelled	(37,167)	9.57
Options as at November 30, 2008	2,161,800	6.52
Granted	680,500	1.83
Cancelled and expired	(176,500)	8.34
Options as at November 30, 2009	2,665,800	$ 5.20

(b) Stock-based compensation and other stock-based payments:

The estimated fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2009	2008
Risk-free interest rate	1.83%	3.36%
Volatility	79.5%	70.4%
Average option life in years	6	6
Dividend yield	Nil	Nil

3. Capital stock (continued):

(b) Stock-based compensation and other stock-based payments (continued):

The risk-free interest rate is based on the implied yield on a Canadian Treasury zero-coupon issue with a remaining term equal to the expected term of the option. The volatility is based solely on historical volatility equal to the expected average life of the option. The average life of the options is estimated considering the vesting period, the term of the option and the average length of time similar grants have remained outstanding in the past. Dividend yield was excluded from the calculation, since it is the present policy of the Company to retain all earnings to finance operations and future growth.

The following table summarizes the weighted average fair value of stock options granted during the periods ended November 30, 2009 and 2008:

	Number of options		Weighted average grant date fair value
2009	680,500	$	1.26
2008	111,000	$	5.16

(c) Diluted loss per share:

Diluted loss per share was not presented as the effect of options ongoing would have been anti-dilutive. All options outstanding at the end of the year could potentially dilute the basic earnings per share in the future.

(in thousands of dollars, except per share amounts)

4. Supplemental information:

(a) Statement of cash flows:

The following transactions were conducted by the Company and did not impact cash flows:

	2009	2008 (Restated - note 2 (a))
Additions to property and equipment included in accounts payable and accrued liabilities	$ 183	$ 48
Share issue costs included in accounts payable and accrued liabilities	—	8

(b) In 2009, the Company has reclassified in net earnings $129 of realized gains on available-for-sale financial assets previously recorded in accumulated other comprehensive income.

In 2008, the Company has reclassified in net earnings $572 of realized losses on available-for-sale financial assets previously recorded in accumulated other comprehensive income. The realized loss includes an impairment loss of $578 related to a decline in value that is other than temporary for stock options held in a public company.

On November 30, 2008, the accumulated other comprehensive loss was composed of unrealized gains on available-for-sale financial assets of $1,282 (gain of $372 on November 30, 2008).

(c) The Company received tax credits of $1,912 in 2009 ($1,746 in 2008).

(d) The following items were included in the determination of the Company's net loss:

	2009	2008 (Restated - note 2 (a))
Amortization of property and equipment	$ 612	$ 625
Amortization and write-off of other assets	—	4,957
Stock-based compensation	899	859

5. Financial instruments:

(a) Carrying value and fair value:

The Company has determined that the carrying values of its short-term financial assets and liabilities, including cash, accounts receivable, as well as accounts payable and accrued liabilities, approximate their fair value because of the relatively short period to maturity of the instruments.

Bonds and investments in public companies are stated at estimated fair value, determined by inputs that are directly observable (Level 2 inputs).

(b) Interest income and expenses:

Interest income consists of interest earned on cash and bonds.

(c) Loss on exchange:

General and administrative expenses include a loss on foreign exchange of $635 (loss of $247 in 2008) for the year ended November 30, 2009.

6. Collaboration and licensing agreement:

On October 28, 2008, the Company entered into a collaboration and licensing agreement with EMD Serono, an affiliate of Merck KGaA, regarding the exclusive commercialization rights of tesamorelin in the United States for the treatment of excess abdominal fat in HIV infected patients with lipodystrophy (the “Initial Product”). Theratechnologies retains all tesamorelin commercialization rights outside of the US.

Under the terms of the agreement, the Company is responsible for the development of the Initial Product 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 the Initial Product. EMD Serono is responsible for conducting product commercialization activities.

At the closing of the agreement, on December 15, 2008, the Company received US$30,000 (CAD$36,951), which includes an initial payment of US$22,000 (CAD$27,097) and US$8,000 (CAD$9,854) as a subscription for common shares in the Company by Merck KGaA at a price of US$3.67 (CAD$4.52) per share. The Company may receive up to US$215,000, which amount includes the initial payment of US$22,000, the equity investment of US$8,000, as well as payments based on the achievement of certain development, regulatory and sales milestones. The Company will also be entitled to receive escalating royalties on annual net sales of tesamorelin in the US.

(in thousands of dollars, except per share amounts)

6. Collaboration and licensing agreement (continued):

The initial payment of $27,097 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that may be received by the Company. For the year ended November 30, 2009, an amount of $6,560 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction amounted to $20,537.

On August 12, 2009, the US Food and Drug Administration accepted the New Drug Application ("NDA") made by the Company for tesamorelin. Under the terms of the Company's collaboration and licensing agreement with EMD Serono, the acceptance of the tesamorelin NDA resulted in a milestone payment of US$10,000 (CAD$10,884). This milestone payment has been recorded in the third quarter of 2009.

The Company may conduct research and development for additional indications. EMD Serono will have the option to commercialize additional indications for tesamorelin in the US. If it exercises this option, EMD Serono 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 additional indications.

7. Commitments:

(a) Rental of premises:

The Company rents premises under an operating lease (the "Lease") expiring in April 2010. The Lease was renewed by the Company and the lessor during the 2009 financial year for a period of 11 years ending April 30, 2021. Under the terms of the Lease, the Company has also been granted two renewal options for periods of five years each. The minimum payments required under the terms of the Lease are as follows:

2010	$ 340
2011	55
2012	655
2013	655
2014	655
2015	273
Thereafter	3,943
	$ 6,576

7. Commitments (continued):

(a) Rental of premises (continued):

The Company has committed to pay the lessor for its share of some operating expenses of the leased premises. This amount has been set at $240 for the year beginning May 1, 2010 and will be increased by 2.5% annually for the duration of the Lease.

The lessor will provide the Company an amount of $728 to allow it to undertake leasehold improvements.

The Company has issued an irrevocable letter of credit in favour of the lessor in the amount of $323 which will be cancelled April 30, 2010 under the terms of the Lease renewal, along with a first rank movable mortgage in the amount of $1,150 covering all the Company's tangible assets located in the rented premises. This mortgage, however, can be subordinated to those of lending institutions.

(b) Long-term supply agreements:

During and after the year ended November 30, 2009, the Company entered into long-term supply agreements with third parties in anticipation of the commercialization of tesamorelin. Certain of these agreements stipulate an obligation to purchase minimum quantities of products in certain circumstances.

(c) Credit facility:

The Company has a credit facility available in the amount of $1,800, bearing interest at prime plus 0.5% and secured by bonds. Under the credit facility, the market value of investments held must always be equivalent to 150% of amounts drawn under the facility. If the market value falls below $7,000, the Company will provide the bank with a first rank movable hypothec of $1,850 on securities judged satisfactory by the bank.

As at November 30, 2009 and 2008, with the exception of the letter of credit mentioned in (a) above, the credit facility available to the Company was not utilized.

8. Subsequent events:

(a) On February 10, 2010, the Company's Board of Directors has adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for the Company, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value, if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the "Common Shares").

The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20 percent or more of the outstanding Common Shares without complying with the "Permitted Bid'' provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common shares at a 50 percent discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If, at the end of 60 days at least 50 percent of the outstanding Common Shares, other than those owned by the offeror and certain related parties, have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

(b) On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

9. Comparative figures:

Certain of the 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2009.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the " **Meeting**") of the Corporation will be held at the Sheraton Montreal Center, 1201 René-Lévesque Blvd. West, Montreal, Québec, on Wednesday, May 18, 2011 at 10:00 a.m., local time, for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2010, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

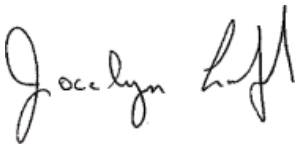
(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider, and if deemed advisable, to pass a special resolution (the text of which is attached as Appendix A to the accompanying Management Proxy Circular), with or without amendments, amendmending the articles of the Corporation to add a provision entitling the directors to appoint one or more additional directors, the whole as described in the accompanying Management Proxy Circular; and

(5) to transact such other business as may properly come before the Meeting.

DATED at Montreal, Québec, Canada, April 14, 2011.

BY ORDER OF THE BOARD OF DIRECTORS



Jocelyn Lafond
Corporate Secretary

Exhibit 99.27

THERATECHNOLOGIES INC.

9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

Security Class

Holder Account Number

Fold

Form of Proxy — Annual and Special Meeting of Shareholders to be held on May 18, 2011

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting, or at any adjournment thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder; however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted or withheld from voting, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the meeting.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

Fold

Proxies submitted must be received prior to 5:00 p.m., Eastern Time, on May 16, 2011.

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

1-866-732-VOTE (8683) Toll Free

To Vote Using the Internet

- Go to the following web site: www.investorvote.com

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.

CONTROL NUMBER

+ +

Appointment of Proxyholder

The undersigned shareholder of Theratechnologies Inc. (the "Corporation") hereby appoints: Paul Pommier, Chairman of the Board, or failing him, John-Michel Huss, President and Chief Executive Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees listed herein.

as my proxyholder to attend and act for and on my behalf at the Annual and Special Meeting of Shareholders of the Corporation to be held at the Sheraton Montreal, 1201 Boulevard René-Levesque West, Montreal, Québec, on Wednesday, May 18, 2011 at 10:00 a.m., (the "Meeting"), and at any adjournment thereof, with full power of substitution and with all the powers which the undersigned could exercice with respect to his/her common shares if personnally present at the Meeting. The shares are to be voted, on any ballot, in accordance with the instructions given below:

VOTING RECOMMENDATIONS BY MANAGEMENT ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

	For	Withhold
1. **Election of Directors**	☐	☐

Vote FOR or WITHHOLD from voting with respect to the election of directors.

Fold

	For	Withhold
2. **Appointment of Auditors**	☐	☐

Vote FOR or WITHHOLD from voting with respect to the appointment of auditors.

	For	Against	Withhold
3. **Resolution 2011-1 Approving the Amendments to the Articles of the Corporation**	☐	☐	☐

Vote FOR, AGAINST or WITHHOLD from voting with respect to resolution 2011-1.

Fold

Authorized Signature(s) - This section must be completed for your instructions to be executed.

I authorize you to act in accordance with my instructions set out above. I hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD/MM/YY

Interim Financial Statements - Mark this box if you would like to receive Interim Financial Statements and accompanying Management's Discussion and Analysis by mail. ☐

Annual Report - Mark this box if you would like to receive the Annual Report and accompanying Management's Discussion and Analysis by mail. ☐

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/mailinglist.

■ 117131 AR1 THTQ +

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON WEDNESDAY, MAY 18, 2011

AND

MANAGEMENT PROXY CIRCULAR

APRIL 14, 2011

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the " **Meeting**") of the Corporation will be held at the Sheraton Montreal Center, 1201 René-Lévesque Blvd. West, Montreal, Québec, on Wednesday, May 18, 2011 at 10:00 a.m., local time, for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2010, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

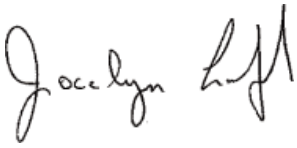
(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider, and if deemed advisable, to pass a special resolution (the text of which is attached as Appendix A to the accompanying Management Proxy Circular), with or without amendments, amendmending the articles of the Corporation to add a provision entitling the directors to appoint one or more additional directors, the whole as described in the accompanying Management Proxy Circular; and

(5) to transact such other business as may properly come before the Meeting.

DATED at Montreal, Québec, Canada, April 14, 2011.

BY ORDER OF THE BOARD OF DIRECTORS



Jocelyn Lafond
Corporate Secretary

MANAGEMENT PROXY CIRCULAR

*The information contained in this management proxy circular (the "**Circular**") is given as at April 14, 2011, except as otherwise noted. All dollar amounts set forth herein are expressed in Canadian dollars and the symbol "$" refers to the Canadian dollar, unless otherwise indicated.*

TABLE OF CONTENTS

ITEM I. INFORMATION RELATING TO THE ANNUAL AND SPECIAL MEETING

1. Voting

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

A. By Proxy

Solicitation of Proxies

This Circular is provided in connection with the solicitation by the management of Theratechnologies Inc. (the " **Corporation**" or "**Theratechnologies**") of proxies to be used at the Meeting of the Corporation to be held on Wednesday, May 18, 2011, at the time, place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "**Notice of Meeting**") and at any continuation of the Meeting after adjournment thereof.

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

Terms of Proxy Grant

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

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

Proxy Voting

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

Furthermore, the enclosed form of proxy confers upon the proxy holder a discretionary power with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other matters which may properly come before the Meeting, or any continuation after adjournment thereof.

However, to our knowledge, all matters to be brought before the Meeting are mentioned in appropriate fashion in the Notice of Meeting.

Delivery of Form of Proxy and Deadlines

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation , please send the completed form of proxy to the Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1100 University Street, 12th Floor, Montreal, Québec H3B 2G7, prior to 5:00 p.m. (Eastern time) on May 16, 2011 (unless you attend the Meeting in person). All shares represented by proper proxies accompanied by duly completed declarations received by Computershare at the latest on such date and prior to such time will be voted in accordance with your instructions as specified in the proxy form on any ballot that may be called at the Meeting.

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

Revocation of a Proxy

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

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Corporation, please send a written notice to revoke a proxy bearing your signature or that of your proxy (or a representative of your proxy if your proxy is a Corporation) to the Secretary of the Corporation, c/o Computershare Trust Company of Canada, 1100 University Street, 12th Floor, Montreal, Québec H3B 2G7, prior to 5:00 p.m. (Eastern time) on May 16, 2011. You may also revoke a proxy in person at the Meeting by making a request to that effect to the Secretary of the Corporation.

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

B. In Person

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

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

C. Voting Securities and Principal Holders

As at April 13, 2011, there were 60,799,932 common shares (the " **Common Shares**") of the Corporation issued and outstanding. The Common Shares are the only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share entitles its holder to one vote with respect to the matters voted on at the Meeting.

Holders of Common Shares whose names are registered on the lists of shareholders of the Corporation as at 5:00 p.m. (Eastern time) on April 13, 2011, being the date fixed by the Corporation for determination of the registered holders of Common Shares who are entitled to receive notice of the Meeting (the "**Record Date**"), will be entitled to exercise their voting rights attached to the Common Shares in respect of which they are so registered at the Meeting, or any continuation after adjournment thereof, if present or represented by proxy thereat. However, even if you have acquired Common Shares after the Record Date, you will be entitled to vote at the Meeting if, at least twenty-four (24) hours prior to the Meeting, you produce certificates for such Common Shares properly endorsed by the seller, or if you otherwise establish that you own such Common Shares and have requested that your name be included on the list of shareholders entitled to receive the Notice of Meeting.

To our knowledge, no person beneficially owns, or controls or directs control, directly or indirectly, over more than ten percent (10%) of the outstanding Common Shares of the Corporation, other than Stewardship Partners Investment Counsel Inc. who, based exclusively on a report filed on the Canadian System for Electronic Document Analysis and Retrieval ("**SEDAR**") on July 7, 2010, holds approximately 10.1%.

2. Subjects To Be Treated at the Meeting

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

A. Receipt of Financial Statements

The consolidated financial statements for the fiscal year ended November 30, 2010 together with the auditors' report thereon will be presented at the Meeting. The financial statements are included in the Corporation's 2010 annual report, which has been mailed to you if you requested it, along with this Circular. The financial statements are also available on SEDAR at www.sedar.com. No vote is required on this matter.

B. Election of Directors

The shareholders at the Meeting will elect the directors of the Corporation for the coming year.

Composition of the Board of Directors

The articles of the Corporation provide that the board of directors of the Corporation (the " **Board of Directors**") must consist of a minimum of three (3) and a maximum of twenty (20) directors. The Board of Directors is currently composed of nine (9) directors and shareholders are asked to elect nine (9) directors for the coming years.

On November 30, 2010, the former President and Chief Executive Officer of the Corporation resigned as a director and was replaced by John-Michel Huss, the current President and Chief Executive Officer, who became a director on December 2, 2010.

Nominees

All of the nominees for the director positions of the Corporation are elected for a one year term ending at the next annual meeting of shareholders or when his successor is elected, unless he resigns or the position becomes vacant as a result of death, dismissal or otherwise, prior to the said meeting. We do not contemplate that any of the nominees will be unable to fulfill his mandate as director. **Unless instructions are given to abstain from voting with regard to the election of directors, the persons whose names**

appear on the enclosed form of proxy will vote FOR the election of the nominees whose names are set out in the table below.

Although shareholders are asked to vote on a slate of directors at the Meeting, the Nominating and Corporate Governance Committee has undertaken a review of its governance policies, which include the election mode of its directors at shareholders meetings. See “Corporate Governance and Nomination of Directors” below.

The following table states the names of all persons proposed for election as directors, their province or state and country of residence, their principal occupation, the position held in the Corporation (if any), the year in which they first became directors of the Corporation and the number of Common Shares they own, directly or indirectly, or over which they exercise control or direction. To obtain additional information regarding the biographical notes of the nominees, shareholders can consult Item 4.1 of the Corporation’s 2010 annual information form dated February 22, 2011 available on SEDAR at www.sedar.com.

The information relating to the number of Common Shares held by the nominees in the table below is at the date of this Circular and is based exclusively on reports filed on the Canadian System for Electronic Disclosure by Insiders as at that date. The information appearing under “Cease Trade Orders, Bankruptcies, Penalties or Sanctions” is based on the statements made by the nominees.

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares of the Corporation Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised	Number of Deferred Share Units
Paul Pommier(1) (2) (3) (4) (5) Québec, Canada	Chairman of the Board of the Corporation	1997	190,100	20,998
Gilles Cloutier(3) (5) North Carolina, United States	Corporate Director	2003	71,000	3,000
A. Jean de Grandpré(2) (3) (4) (5) Québec, Canada	Corporate Director	1993	200,000	5,250
Robert G. Goyer(3) Québec, Canada	Emeritus Professor Faculty of Pharmacy Université de Montreal	2005	10,000	5,250
John-Michel Huss(4) Québec, Canada	President and Chief Executive Officer of the Corporation	2010	—	44,248
Gérald A. Lacoste(1) (3) (5) Québec, Canada	Corporate Director	2006	11,000	5,250
Bernard Reculeau(2) Paris, France	Corporate Director	2005	18,100	3,000
Jean-Denis Talon(1) (2)(4) Québec, Canada	Chairman of the Board AXA Canada (Insurance Corporation)	2001	65,000	3,000
Luc Tanguay(4) Québec, Canada	Senior Executive Vice President and Chief Financial Officer of the Corporation	1993	83,000	27,572

(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 Committee

Biographical Note of John-Michel Huss

John-Michel Huss, MBA. *President & Chief Executive Officer.* John-Michel Huss brings more than 20 years of global experience in the pharmaceutical industry to Theratechnologies. He began his career at Merck & Co., occupying various sales and marketing positions in the United States and in Europe. In 1996, he accepted an International Product Manager position at the headquarters of F. Hoffman-La Roche, in Basel, Switzerland. Mr. Huss joined Sanofi-Synthelabo GmbH in 1999, where he held positions in Germany and in Canada. He was appointed General Manager of the Swiss subsidiary at Sanofi in 2007 (Sanofi-Synthelabo merged with Aventis in 2004) and, in 2009, was promoted to the position of Chief of Staff, Office of the CEO, in Paris.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described below, to the knowledge of management of the Corporation, no nominee (a) is, as at the date of the Circular, or has been within the ten (10) years before the date of the Circular, a director or executive officer of any company (including the Corporation) 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 (10) years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Jean-Denis Talon was a member of the board of directors of Toptent Inc. (" **Toptent**") from August 1, 2007 to November 26, 2009. On December 3, 2009, Toptent filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) (the "**Bankruptcy Act**"). Subsequently, on May 7, 2010, Toptent filed a proposal under the Bankruptcy Act. The proposal was accepted by Toptent's creditors on May 20, 2010.

Luc Tanguay was a member of the board of directors of Ambrilia Biopharma Inc. (" **Ambrilia**") from August 22, 2006 to March 30, 2010. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). The purpose of the order issued by the court granting Ambrilia protection from its creditors was to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. On July 31, 2009, the Toronto Stock Exchange

("**TSX**") halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On January 31, 2011, the TSX decided to delist the common shares of Ambrilia at the close of market on March 4, 2011 for failure to meet the continued listing requirements of the TSX. The common shares remain suspended from trading. On April 8, 2011, Ambrilia announced that it would seek permission to terminate the protection granted by the Superior Court pursuant to the CCAA and, upon permission of the Court, it would file for bankruptcy pursuant to the Bankruptcy Act.

C. Appointment of Auditors

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

The table below sets forth the fees paid to the auditors of the Corporation for the financial years ended November 30, 2010 and November 30, 2009.

	Financial Year Ended November 30, 2010	Financial Year Ended November 30, 2009
Audit Fees(1)	$ 122,000	$ 80,000
Audit-Related Fees (1)	$ 158,025	$ 17,500
Tax Fees (2)	$ 56,600	$ 39,626
All Other Fees	—	—

(1) Audit-related fees relate principally to services rendered in connection with the Corporation's financial statements and for the financial year ended November 30, 2010, audit fees paid to KPMG also included fees related to services rendered in connection with the audit of IFRS adjustments and the translation of the financial statements to IFRS standards.

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

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

D. Amendment to the Articles of the Corporation

On February 14, 2011, the *Business Corporation Act* (Québec) (the "**Business Act**") came into force and replaced the *Companies Act* (Québec). The Corporation is now governed by the Business Act. The Business Act provides that if the articles of a corporation so provide, the board of directors of a corporation may appoint one or more additional directors until the next annual shareholders meeting. The Business Act provides that the number of directors may not exceed one third of the number of directors elected at the previous annual shareholders meeting.

The current articles of the Corporation do not contain a provision allowing the Board of Directors to appoint new directors.

Recommendation of the Board of Directors

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the amendment to the articles of the Corporation by passing Resolution 2011-1, substantially in the form of the resolution attached as Appendix A to this Circular. Resolution 2011-1 must be passed by two-thirds of the votes cast by shareholders entitled to vote who are represented in person or by proxy at the Meeting and who vote in respect of that resolution.

In the context of the approval by the Food and Drug Administration of the United States of the Corporation's first product, *EGRIFTA*®, and the current review by the Nominating and Corporate Governance Committee of its governance practices and the succession plan for the Board of Directors, the Board of Directors considers the approval of the proposed amendments to the articles of the Corporation to be appropriate and in the best interests of the Corporation. The Board of Directors recommends that shareholders vote for Resolution 2011-1.

Unless instructions are given to vote against, or abstain from voting on, Resolution 2011-1, the persons whose names appear in the enclosed form of proxy will vote FOR the passing of Resolution 2011-1.

E. Other Matters to be Acted Upon

The Corporation will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Corporation knows of no other matters to come before the

Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

ITEM II. COMPENSATION

The compensation of the executive officers and directors of the Corporation is determined by the compensation committee of the Corporation (the "**Compensation Committee**"). The Compensation Committee is composed of four (4) independent directors, namely A. Jean de Grandpré, who was the chair of the Compensation Committee until December 31, 2010, Paul Pommier, Bernard Reculeau and Jean-Denis Talon (who has been acting as chair since January 2011). The mandate, obligations and duties of the Compensation Committee are described in Appendix B to this Circular. The Compensation Committee reviews the compensation of directors and executive officers. At a meeting held after the end of the Corporation's financial year, the Compensation Committee reviews the compensation of executive officers for the last completed financial year and determines the compensation for the ensuing year.

1. Executive Compensation

A. Compensation Discussion & Analysis

Objectives of the Compensation Program

To achieve its business plan, the Corporation requires a strong and capable executive team. This justifies the need for an executive program that will attract, retain, motivate and reward its executive officers. The Corporation is committed to a compensation policy that is competitive and drives business performance.

What the Compensation Program is Designed to Reward

The compensation program of the Corporation (the "**Compensation Program**") is designed to reward the executive officers for (i) implementing strategies, both in the short and the long term, to realize the business plan of the Corporation and (ii) meeting the annual corporate objectives. It is also designed to enhance its share value and, thereby, create economic value.

The Compensation Program provides reasonable and competitive total executive compensation. Remuneration and incentive components are established to compete with remuneration practices of similar companies that are involved in the biopharmaceutical and pharmaceutical industries.

To establish base salary and bonus compensation levels, the Corporation generally studies, among other things, the competitive market environment and reviews information published in the Rx & D Compensation Survey and the proxy circulars of other publicly listed biotechnology companies whose stage of development and market capitalization are similar or more advanced than those of the Corporation. The Compensation Committee also takes into consideration the financial needs of the Corporation, its business plan and the Corporation's annual corporate objectives before determining the Corporation's own Compensation Program.

At the beginning of the financial year 2010, the Compensation Committee met to determine the base salary of each executive officer. In order to set the base salary of its executive officers for that financial year, the Compensation Committee considered publicly available economic data regarding the variation of the Consumer Price Index and publicly available data regarding forecasted salary percentage increase for that year. The Compensation Committee also considered the importance of the objectives to be attained by the executive officers and the Corporation during that year. No independent third-party report was prepared in the financial year 2010. However, the Compensation

Committee used the report prepared for the Corporation by Towers Watson (formerly Towers Perrin), an independent third-party consulting firm, at the end of the financial year 2009 (the "**2009 Report**") to set the annual base salary of the executive officers for the financial year 2010. The 2009 Report contained an annual comparative analysis of the total compensation paid to the Corporation's executive officers against the total compensation paid to executive officers in various companies. Towers Watson's analysis was based on a reference market of the following 19 companies (the "**Benchmarked Companies**"):

- AEterna Zentaris Inc.
- Angiotech Pharmaceuticals Inc.
- AstraZeneca Canada Inc.
- Bayer Inc.
- Beckman Coulter Canada Inc.
- Biogen Idec Canada Inc.
- BioMS Medical Corp.
- Cardiome Pharma Corp.
- Eli Lilly Canada Inc.
- Hoffman — La Roche Limited
- Labopharm Inc.
- Life Technologies Corporation
- MDS Inc.
- Methylgene Inc.
- Bellus Health Inc.
- Patheon Inc.
- QLT Inc.
- Sanofi Pasteur Limited
- Transition Therapeutics Inc.

Overall, Towers Watson's 2009 Report concluded that the aggregate compensation paid to the Named Executive Officers (as defined below) of the Corporation was below the median and, in certain circumstances, at the median of the aggregate compensation paid by the Benchmarked Companies to individuals holding the same position as those of the Named Executive Officers.

Decision-Making Process

For the financial year ended November 30, 2010, the proposed annual compensation for each of the executive officers, other than for the President and Chief Executive Officer, was prepared by the former President and Chief Executive Officer but was presented by the Chairman of the Board to the Compensation Committee and reviewed by the Compensation Committee. The compensation for the President and Chief Executive Officer is determined by the Compensation Committee. However, with the departure of Mr. Yves Rosconi at the end of the financial year ended November 30, 2010, the compensation of the new President and Chief Executive Officer, Mr. John-Michel Huss, was determined by the Board of Directors. The Compensation Committee reports and makes a recommendation to the Board of Directors on the proposed compensation of executive officers. The Board of Directors approves grants of share options and deferred share units if, upon the recommendation of the Compensation Committee, it deems it advisable.

Elements of Compensation Program

The major elements of the Corporation's executive Compensation Program are base salary, short-term performance reward program that takes the form of cash bonuses, and long-term

incentives through the granting of stock options and/or deferred share units. All proposed changes to any compensation component of an executive officer are first reviewed internally by the President and Chief Executive Officer and the Senior Executive Vice President and Chief Financial Officer. The proposed changes are then presented to the Compensation Committee.

Base Salary

Base salaries for each of the executive officers are based on the experience, expertise and competencies of each executive officer. In reference to the Benchmarked Companies used for comparison, the salaries of the Named Executive Officers and other executive officers are generally at the median (50th percentile). However, the Compensation Committee has no firm policy on setting the base salary at the median and, accordingly, base salaries may be set below or above the median.

Performance Reward Program

The short-term performance reward program is designed to recognize the contribution of each executive officer in helping the Corporation to attain its corporate objectives and to increase its value. Bonuses are granted if the annual corporate objectives are met by the Corporation and in accordance with an executive officer performance and the results achieved or surpassed by such executive officer in connection with such corporate objectives. When and if the Corporation generates significant revenues from the sale of his products, financial criteria may be factored into the determination of this program.

The target bonus payment for the former President and Chief Executive Officer was set at 50% of his base salary and the target bonus payment for the Senior Executive Vice President and Chief Financial Officer is set at 50% of his base salary. For the other three Named Executive Officers, the target bonus payment is set at 33 1/3% of their respective base salary. Based on the 2009 Report, these target bonus payments were at the 75th percentile when compared against the Benchmarked Companies, except for the target bonus payment of the former President and Chief Executive Officer which was at the median.

For the year ended November 30, 2010, the Corporation's principal objective was to obtain approval from the Food and Drug Administration of the United States for the commercialization of tesamorelin in HIV-infected patients with lipodystrophy. The second corporate objective of the Corporation consisted in working with our commercial partner in the United States for the preparation of the commercialization of tesamorelin in such country further to the execution of our collaboration and licensing agreement with EMD Serono, Inc. The third corporate objective of the Corporation consisted in expanding the territories where tesamorelin for the treatment of HIV-infected patients with lipodystophy could be commercialized. Finally, the last objective was to meet each of these objectives in a cost-efficient manner to conserve the Corporation's cash position and to manage its burn rate.

The objectives of the Named Executive Officers were aligned with those of the Corporation. The Compensation Committee did not mathematically weigh the objectives of the Corporation against each other and the objectives of the Named Executive Officers against those of the Corporation in determining the compensation of the Named Executive Officers for the last financial year. The Compensation Committee rather considered all objectives with the attainment of the first corporate objective as being the most important in order to set the compensation of the Named Executive Officers for the last financial year.

Long-Term Incentive Program

During the financial year ended November 30, 2010, the Compensation committee retained the service of Towers Watson, an independent third-party consulting firm, to assess the long-term incentive program of the Corporation for its executive officers and directors. Based on their review of various long-term incentive programs existing in various publicly listed companies, Towers Watson's report recommended that the long-term incentive program of the Corporation be comprised of a stock option plan and a deferred share unit plan.

The Corporation's long-term incentive program is now composed of a share option plan (the " **Share Option Plan**") and a deferred share unit plan (the " **DSU Plan**"). The Share Option Plan was originally adopted on December 6, 1993, and subsequently amended from time to time, in order to attract, retain, motivate employees in key positions and align their interests with those of the Corporation's shareholders by allowing optionees to participate in the increased value of the Common Shares. See "Description of the Share Option Plan" below.

The DSU Plan was adopted on December 10, 2010 in order to attract and retain directors and executive officers and better align the interests of the directors and executive officers with those of the shareholders in the creation of long-term value. See "Description of the Deferred Share Unit Plan" below.

The Corporation has a share purchase plan but the share purchase plan is available to all employees of the Corporation and the decision to subscribe for Common Shares under this plan rests with each employee. For a description of the share purchase plan, see "Other Information — Description of the Share Purchase Plan" below.

The number of options and deferred share units (the " **DSU**") granted is determined on the basis of the position of each executive officer, the attainment of corporate objectives and the value of the options and the Common Shares at the time of grant as part of the total compensation of an executive officer. When assessing whether options should be granted to an executive officer, the Compensation Committee also factors in the number of options held by an executive officer, their vesting periods, expiry dates and exercise prices.

For the services performed by the executive officers in the financial year ended November 30, 2010, on the recommendation of the Compensation Committee, the Board of Directors decided to grant DSU to executive officers who were entitled to receive an annual cash bonus payment exceeding 100% of their targeted annual bonus in payment of the tranche of their annual cash bonus which exceeded 100% of their annual targeted cash bonus. See "Description of the Deferred Share Unit Plan" below.

Description of the Share Option Plan

A maximum of 5,000,000 Common Shares have been reserved for stock option grants under the Share Option Plan, of which, as at the date of the Circular, 788,172 options remain available for issuance.

The Board of Directors administers the Share Option Plan. The Board of Directors designates the optionees and determines the number of Common Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the terms of the Share Option Plan and applicable legislative provisions established by the securities regulatory authorities. Options granted to executive officers generally

vest as to 33 1/3% on each year starting twelve (12) months after the date of grant. The Board of Directors can modify or terminate the Share Option Plan subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Corporation.

Unless otherwise determined by the Board of Directors, the options granted pursuant to the Share Option Plan may be exercised within a maximum period of ten (10) years following their date of grant, unless the optionee's employment is terminated, other than for death, in which case the optionee's unexercised vested options, if any, may be exercised within a period of one hundred eighty (180) days following the date of the employee's termination. In the event of the death of an optionee prior to the expiry date of his options, the optionee's legal personal representative may exercise the optionee's unexercised vested options within twelve (12) months after the date of the optionee's death. The options granted in accordance with the Share Option Plan cannot be transferred or assigned.

The exercise price at which the options may be granted pursuant to the Share Option Plan cannot be less than the closing price of the Common Shares on the TSX on the day preceding the date of grant of the options.

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

During the financial year ended November 30, 2010, the Corporation granted options under the Share Option Plan providing for the purchase of 335,000 Common Shares. These options were granted in December 2009 as part of the compensation of the executive officers for the financial year ended on November 30, 2009, except with respect to 70,000 options granted in June 2010 as part of the compensation of the directors of the Corporation. No option under the Share Option Plan has been granted by the Corporation since December 1, 2010.

The following table sets forth the information regarding the equity compensation plan of the Corporation as at November 30, 2010.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (% of Issued and Outstanding Share Capital)	Weighted-average Exercise Price of Outstanding Option	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan
Equity Compensation	2,849,138	$ 5.12	981,005
Plan Approved by Shareholders	(4.70%)		
Equity Compensation Plans Not Approved by Shareholders	—	—	—
Total	2,849,138	$ 5.12	981,005

Description of the Deferred Share Unit Plan

On December 10, 2010, the Board of Directors adopted the DSU Plan for the benefit of its directors and executive officers (the " **Beneficiaries**"). The goal of the DSU Plan is to increase the Corporation's ability to attract and retain high-quality individual to act as directors or executive officers and better align the interests of the directors and executive officers with those of the shareholders of the Corporation in the creation of long-term value. The DSU Plan was also adopted to promote equity-based ownership in the Corporation. Under the terms of the DSU Plan, Beneficiaries who are directors are entitled to elect to receive all or part of their annual retainer to act as directors in DSU. In addition to his annual retainer, the Chairman of the Board is also entitled to elect to receive all or part of his annual retainer as chair of the Board of Directors in DSU. Beneficiaries who act as executive officers are entitled to elect to receive all or part of their annual bonus, if any, in DSU. The value of a DSU (the "**DSU Value**") is equal to the average closing price of the Common Shares on The Toronto Stock Exchange on the date on which a Beneficiary determines that he desires to receive or redeem DSU and during the four (4) previous trading days. Beneficiaries who act as directors must elect to receive DSU before December 23 of a calendar year for the ensuing calendar year whereas Beneficiaries who act as executive officers must make that election within 48 hours after having been notified of their annual bonus. For the purposes of granting DSU, the DSU Value for directors is determined as at December 31 of a calendar year and the DSU Value for executive officers is determined on the second business day after they have been notified of their annual bonus. DSU may only be redeemed when a Beneficiary ceases to act as a director or an executive officer of the Corporation. On the date a Beneficiary ceases to act as a director or executive officer (the "**Redemption Date**"), the Beneficiary must send a notice to the Corporation (the "**Redemption Notice**") specifying the date on which the DSU will be redeemed (the " **Payment Date**"). The Payment Date must be no earlier than five (5) business days after the date on which the Corporation receives the Redemption Notice and no later than November 30 of the year following the Redemption Date. On the Payment Date, the Corporation must provide a Beneficiary with an amount in cash equal to the DSU Value on the Redemption Date. Beneficiaries may not sell, transfer or otherwise assign their DSU or any rights associated therewith other than by will or in accordance with legislation regarding the vesting and partition of successions. The Board of Directors administers the DSU Plan and the DSU Plan provides that the Board of Directors may delegate all or part of its obligations to the Compensation Committee or any other committee of the Board.

In connection with the approval of the DSU Plan, the Board of Directors adopted guidelines regarding the ownership of DSU for both directors and executive officers and the granting of DSU. With respect to the ownership of DSU, beginning in the financial year ending November 30, 2011, the Board of Directors passed a resolution (i) requiring all of its directors to hold a number of Common Shares and/or DSU having a value equal to at least 400% of their annual retainer, including, in the case of the Chairman of the Board, his annual salary to act in such capacity; (ii) recommending that the executive officers hold a number of Common Shares and/or DSU having a value equal to at least 150% of their annual base salary; and (iii) recommending that the President and Chief Executive Officer holds a number of Common Shares and/or DSU having a value equal to at least 300% of his annual base salary.

With respect to the granting of DSU, the Board of Directors decided to grant to each executive officer who was entitled to be paid a cash bonus exceeding 100% of his targeted bonus for the financial year ended November 30, 2010 DSU (in lieu of the cash portion) having a DSU Value equal to the amount of his cash bonus exceeding 100% of his targeted bonus. In addition, as an incentive to accumulate DSU of the Corporation, the Board of Directors decided to grant to each executive officer who elected to convert up to 50% of his annual bonus into DSU in lieu of receiving a cash payment an additional number of DSU equal to 33 1/3% of the number of DSU purchased through the conversion of his annual cash bonus. The Board of Directors also decided to increase by 33 1/3% the number of DSU to be granted to directors as complete or partial payment of their annual retainer fees for the current financial year on the first tranche of 50% of his annual retainer.

B. Summary Compensation Table

The summary compensation table below details compensation for the financial years ended November 30, 2010 and 2009 for each of the President and Chief Executive Officer, the Senior Executive Vice President and Chief Financial Officer, and the three other most highly compensated executive officers of the Corporation (collectively the "**Named Executive Officers**") for services rendered in all capacities.

Name and principal position	Year	Salary ($)	Share-based awards(2) ($)	Option-based awards(6) ($)	Non-equity incentive plan compensation ($)		Pension value (17) ($)	All other compen-sation(18) ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Yves Rosconi President and Chief Executive Officer	2010 2009	466,789(1) 426,635	— —	— 87,000**(7)**	232,500(12) 225,000	— —	22,000 21,000	— —	721,289 759,635
Luc Tanguay Senior Executive Vice President and Chief Financial Officer	2010 2009	366,404 353,354	57,914(3) —	— 72,500(8)	182,500(13) 176,000	— —	22,000 21,000	— —	628,818 622,854
Christian Marsolais Vice President, Clinical Research and Medical Affairs	2010 2009	245,942 220,846	34,150**(4)** —	— 168,000**(9)**	80,850(14) 100,000	— —	7,531 6,512	— —	368,473 495,358
Martine Ortega Vice President, Compliance and Regulatory Affairs	2010 2009	225,865 215,827	40,750(5) —	— 134,750(10)	74,250(15) 110,000	— —	6,413 2,643	— —	347,278 463,220
Chantal Desrochers Vice President, Business Development and Commercialization	2010 2009	246,946 243,433	— —	— 58,000(11)	65,000(16) 72,000	— —	7,576 7,174	— —	319,522 380,607

(1) Mr. Rosconi received an additional amount of $41,135 (one month salary) in December 2010 to help with the transition of the new President and Chief Executive Officer.

(2) DSU granted under the DSU Plan in December 2010. The DSU Value as at the date of grant was $ 5.41.

(3) 10,705 DSU were granted to Mr. Tanguay. Of these 10,705 DSU, 5,083 ($27,500) were granted to pay the difference between 100% of Mr. Tanguay's annual targeted bonus ($182,500) and the aggregate bonus he was awarded (115% or $210,000) and 5,622 were granted further to the decision of the Board of Directors to increase by 33 1/3% the number of DSU that an executive officer was entitled to receive upon electing to convert up to 50% of his annual cash bonus in DSU. Mr. Tanguay elected to convert 50% ($91,250) of his annual cash bonus ($182,500) into DSU. See note 13.

(4) 6,312 DSU were granted to Mr. Marsolais as payment of the difference between 100% of Mr. Marsolais' annual targeted bonus ($80,850) and the aggregate bonus he was awarded (142% or $115,000). See note 14.

(5) 7,532 DSU were granted to Mrs. Ortega as payment of the difference between 100% of Mrs. Ortega's annual targeted bonus ($74,250) and the aggregated bonus she was awarded (155% or $ 115,000). See note 15.

(6) The value of the option-based awards for the financial year ended November 30, 2009 was comprised of two grants for Mr. Marsolais and Mrs. Ortega: a grant made in December 2008 (the "**December 2008 Grant**") and a grant made in December 2009 (the "**December 2009 Grant**"). The value of the option-based awards for Mr. Rosconi, Mr. Tanguay and Mrs. Desrochers is based on the December 2009 Grant. The value of the option-based awards was recalculated by taking into consideration the International Financial Reporting Standards (the "**IFRS**") further to the decision of the Corporation to begin reporting its financial results using IFRS. The table below shows the differences between the use of Canadian GAAP and IFRS in computing the value of the option-based awards using the Black-Sholes-Merton model and the following assumptions:

	December 2008 Grant		December 2009 Grant	
	IFRS	Canadian GAAP	IFRS	Canadian GAAP
(i) Risk-free interest rate	1.79%	1.79%	2.46%	2.46%
(ii) Expected volatility in the market price of the Common Share	79.33%	79.33%	80.96%	80.96%
(iii) Expected dividend yield	0%	0%	0%	0%
(iv) Expected life	7.5 years	6.0 years	7.5 years	6.0 years
Fair value per option	$ 1.33	$ 1.23	$ 2.90	$ 2.69

(7) Mr. Rosconi was granted 30,000 options as part of the December 2009 Grant. The use of the IFRS method to calculate the option-based award value results in an increase of $6,180 over the Canadian GAAP method.

(8) Mr. Tanguay was granted 25,000 options as part of the December 2009 Grant. The use of the IFRS method to calculate the option-based award value results in an increase of $5,150 over the Canadian GAAP method.

(9) Mr. Marsolais was granted 35,000 options as part of the December 2009 Grant. Mr. Marsolais was also granted 50,000 options as part of the December 2008 Grand, of which 25,000 were granted pursuant to the terms of his employment agreement and 25,000 were granted further to his appointment as Vice President in August 2007. Subject to Mr. Marsolais being employed by the Corporation, the 50,000 options were scheduled to be granted in the financial year 2008. However, as a result of the strategic review process that was ongoing during this financial year, the Board of Directors decided to defer the grant of those options until completion of the strategic review process. The use of the IFRS method to calculate the option-based award value results in an increase of $11,960 over the Canadian GAAP method.

(10) Mrs. Ortega was granted 35,000 options as part of the December 2009 Grant. Mrs. Ortega was also granted 25,000 options as part of the December 2008 Grant further to her appointment as Vice President in August 2007. Subject to Mrs. Ortega being employed by the Corporation, these 25,000 options were scheduled to be granted in the financial year 2008. However, as a result of the strategic review process that was ongoing during the financial year, the Board of Directors decided to defer the grant of those options until completion of the strategic process. The use of the IFRS method to calculate the option-based award value results in an increase of $9,585 over the Canadian GAAP method.

(11) Mrs. Desrochers was granted 20,000 options as part of the December 2009 Grant. The use of the IFRS method to calculate the option-based award value results in an increase of $4,200 over the Canadian GAAP method.

(12) The amount received by Mr. Rosconi represents 100% of his targeted bonus ($232,500). As President and Chief Executive Officer of the Corporation, Mr. Rosconi's objectives were aligned with the Corporation's objectives. The Compensation Committee determined that he had met all of his objectives by leading the various business units of the Corporation in getting tesamorelin for the treatment of HIV-associated lipodystrophy approved by the Food and Drug Administration of the United States.

(13) The amount of $182,500 was paid to Mr. Tanguay as follows: $91,250 in cash; and $ 91,250 through the issuance of 16,867 DSU. The 16,867 DSU were issued further to the decision of Mr. Tanguay to convert 50% of his annual cash bonus into DSU. As Senior Executive Vice President and Chief Financial Officer of the Corporation, Mr. Tanguay's objectives were aligned with those of the Corporation and included (i) managing the Corporation's liquidities to ensure the corporate objectives would be attained in a cost-efficient manner and according to the annual budget; (ii) supervising the transition from Canadian GAAP to the IFRS; (iii) leading and conducting the risk management analysis program of the Corporation; (iv) overseeing the internal controls and process of the Corporation for compliance with securities regulation and (v) overseeing the investors' relations programme.

(14) As Vice President, Clinical Research and Medical Affairs, of the Corporation, Mr. Marsolais' objectives were aligned with those of the Corporation and consisted in (i) the preparation and supervision of the Advisory Committee meeting with the Food and Drug Administration of the United States; and (ii) assisting the regulatory team getting tesamorelin for the treatment of HIV-associated lipodystrophy approved by the Food and Drug Administration of the United States.

(15) As Vice President, Compliance and Regulatory Affairs, of the Corporation, Mrs. Ortega's objectives were aligned with those of the Corporation and consisted in getting tesamorelin for the treatment of HIV-associated lipodystrophy approved by the Food and Drug Administration of the United States.

(16) The amount received by Mrs. Desrochers represents 80% of her targeted bonus ($81,250). As Vice President, Business Development and Commercialization of the Corporation, Mrs. Desrochers' objectives were aligned with those of the Corporation. The objectives of Mrs. Desrochers consisted in (i) assisting the regulatory team getting tesamorelin for the treatment of HIV-associated lipodystrophy approved by the Food and Drug Administration of the United States; (ii) overseeing the alliance with the Corporation's commercial partner in the United States in preparation for the launch of tesamorelin for the treatment of HIV-associated lipodystrophy in the United

States; and (iii) entering into alliance agreements with third parties for the commercialization of tesamorelin for the treatment of HIV-associated lipodystrophy in territories other than the United States.

(17) Pension Value consists of the amount of the contribution made by the Corporation to a Named Executive Officer's registered retirement savings plan. The Corporation has a group-RRSP for all of its employees under which the Corporation matches every dollar invested by an employee in such group-RRSP. The contribution of the Corporation into such group-RRSP is limited to three percent (3%) of the annual base salary of each employee. Under the terms of the employment agreements of both Mr. Rosconi and Mr. Tanguay, the Corporation agreed to contribute on an annual basis to each of Mr. Rosconi's and Mr. Tanguay's RRSP to the fullest amount permissible under Canadian laws.

(18) Perquisites for each Named Executive Officer have not been included as they do not reach the prescribed threshold of the lesser of $50,000 and 10% of each of the respective Named Executive Officer's salary for the last completed financial year.

C. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The table below details the outstanding option-based awards and share-based awards as at November 30, 2010 for each of the Named Executive Officers.

	Option-Based Awards				Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration date	Value of unexercised in-the-money options (1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Yves Rosconi	133,334	2.61	2014.10.01	405,335	—	—
President and	133,334	1.24	2015.10.01	588,003		
Chief Executive Officer	25,000	8.23	2017.01.12	—		
	25,000	1.80	2018.12.18	96,250		
	30,000	3.84	2019.12.08	54,300		
Luc Tanguay	200,000	10.40	2011.10.30	—	—	—
Senior Executive	200,000	8.00	2012.10.30	—		
Vice President and	125,000	1.94	2016.02.08	463,750		
Chief Financial Officer	25,000	8.23	2017.01.12	—		
	20,000	1.80	2018.12.18	77,000		
	25,000	3.84	2019.12.08	45,250		
Christian Marsolais	25,000	11.48	2017.07.11	—	—	—
Vice President,	25,000	10.60	2017.08.06	—		
Clinical Research	1,000	8.50	2018.01.30	—		
and Medical Affairs	65,000	1.80	2018.12.18	250,250		
	35,000	3.84	2019.12.08	63,350		
Martine Ortega	25,000	1.42	2016.07.06	105,750	—	—
Vice President,	10,000	8.23	2017.01.12	—		
Compliance and	25,000	11.48	2017.07.11	—		
Regulatory Affairs	25,000	10.60	2017.08.06	—		
	1,000	8.50	2018.01.30	—		
	40,000	1.80	2018.12.18	154,000		
	35,000	3.84	2019.12.08	63,350		
Chantal Desrochers	16,670	1.85	2015.03.16	63,346	—	—
Vice President,	50,000	1.86	2016.03.30	189,500		
Business Development,	15,000	8.23	2017.01.12	—		
and Commercialization	15,000	1.80	2018.12.18	57,750		
	20,000	3.84	2019.12.08	36,200		

(1) The value of unexercised in-the-money options at financial year end is the difference between the closing price of the Common Shares on November 30, 2010 ($5.65) on the TSX and the respective exercise prices of the options. The value shown in this table does not represent the actual value that a Named Executive Officer would have received if the options had been exercised as at November 30, 2010 since some of these options were not fully vested as of that date and, therefore, were not exercisable.

Incentive Plan Awards — Value vested or earned during the year

The table below shows the value vested or earned during the year under each incentive plan as at November 30, 2010 for each of the Named Executive Officers.

Name	Option-based awards Value vested during the year (1) ($)	Share-based awards Value vested during the year ($)	Non-equity incentive plan compensation Value earned during the year ($)
Yves Rosconi President and Chief Executive Officer	19,749 (2)	—	232,500
Luc Tanguay Senior Executive Vice President and Chief Financial Officer	15,798 (3)	—	182,500
Christian Marsolais Vice President, Clinical Research and Medical Affairs	51,348 (4)	—	80,850
Martine Ortega Vice President, Compliance and Regulatory Affairs	31,599 (5)	—	74,250
Chantal Desrochers Vice President, Business Development, and Commercialization	11,850 (6)	—	65,000

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options on that date.

(2) 8,333 options having an exercise price of $1.80 vested on December 18, 2009. On that date, the closing price of the Common Shares on the TSX was $4.17. (3) 6,666 options having an exercise price of $1.80 vested on December 18, 2009. On that date, the closing price of the Common Shares on the TSX was $4.17.

(4) 38,667 options vested in the last financial year, 21,666 of which had an exercise price lower than the closing price of the Common Shares on the TSX on the vesting date. The 21,666 options have an exercise price of $1.80 and vested on December 18, 2009. On that date, the closing price of the Common Shares on the TSX was $4.17.

(5) 30,334 options vested in the last financial year, 13,333 of which had an exercise price lower than the closing price of the Common Shares on the TSX on the vesting date. The 13,333 options have an exercise price of $1.80 and vested on December 18, 2009. On that date, the closing price of the Common Shares on the TSX was $4.17.

(6) 5,000 options having an exercise price of $1.80 vested on December 18, 2009. On that date, the closing price of the Common Shares on the TSX was $4.17.

(7) None of the DSU granted to the Named Executive Officers vested in the financial year ended November 30, 2010 since they were granted in December 2010. To see the number and value of DSU earned and granted to each Named Executive Officer in the last completed financial year, see “Summary Compensation Table” above.

D. Termination and Change of Control Provisions

Below is a summary of the employment agreements of each of the Named Executive Officers together with a table detailing the value of the severance payment that would be payable by the Corporation to each Named Executive Officer pursuant to his employment agreement if one of the events described in the table had occurred on November 30, 2010.

Yves Rosconi

President and Chief Executive Officer

On October 21, 2004, the Corporation entered into an employment agreement for an indeterminate term with Mr. Yves Rosconi. In addition to his base salary, Mr. Rosconi is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the Corporation's Board of Directors. Mr. Rosconi was also entitled to stock options, which have all been granted. These options vested over a three-year period from the date of grant. Under the terms of the agreement, Mr. Rosconi agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Rosconi's employment without just and sufficient cause, he will receive an amount equal to twelve (12) months of compensation (including bonus — based on the last granted — and the value of the Corporation's benefits to which he was then entitled). The payment of this amount will be the sole monetary obligation of the Corporation. Furthermore, in the event of a "Change of Control" (as defined below), his employment agreement provides for an indemnity equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Corporation's benefits to which he was then entitled) if Mr. Rosconi's employment is terminated by the Corporation, and twelve (12) months if Mr. Rosconi resigns on his own free will. In Mr. Rosconi's agreement, a "Change of Control" is defined as a successful take-over bid, as such term is defined in the *Securities Act* (Québec).

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	1,025,420
Termination of Employment without Just Cause (2)	719,399(4)	1,025,420
Termination of Employment in the event of a Change of Control (3)	1,438,798(4)	1,143,888
Voluntary Resignation in the event of a Change of Control (3)	719,399(4)	1,143,888
Voluntary Resignation (2)	—	1,025,420

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) and the respective exercise price of each vested option as at November 30, 2010.

(2) Under the Share Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) would be exercised.

(4) As at November 30, 2010, the last bonus paid to Mr. Rosconi was the bonus he received for the financial year 2009 which amounted to $225,000.

Luc Tanguay
Senior Executive Vice President and Chief Financial Officer

The Corporation entered into an employment agreement for an indeterminate term with Mr. Luc Tanguay on October 30, 2001. His agreement was subsequently amended on May 9, 2002, June 7, 2004 and February 8, 2006. In addition to his base salary, Mr. Tanguay is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on the attainment of annual objectives. Mr. Tanguay was also entitled to stock options, which have all been granted. Under the terms of the agreement, Mr. Tanguay agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates the employment of Mr. Tanguay without just and sufficient cause, he will receive an amount equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Corporation's benefits to which he was then entitled). The payment of this amount will be the sole monetary obligation of the Corporation. In addition, in the event the employment of Mr. Tanguay is terminated for any reason, including death, he will be entitled to exercise his stock options over a 24-month period, subject to the prior expiry of his stock options in accordance with their terms. Furthermore, in the event of a "Change of Control" (as defined below), his employment agreement provides for an indemnity equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Corporation's benefits to which he was then entitled) if Mr. Tanguay's employment is terminated by the Corporation, and twelve (12) months if Mr. Tanguay resigns on his own free will. In Mr. Tanguay's agreement, a "Change of Control" is defined as a successful take-over bid, as such term is defined in the *Securities Act* (Québec).

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	489,414
Termination of Employment without Just Cause (2)	1,139,232 (4)	489,414
Termination of Employment in the event of a Change of Control (2) (3)	1,139,232 (4)	586,000
Voluntary Resignation in the event of a Change of Control (2)(3)	569,616 (4)	586,000
Voluntary Resignation (2)	—	489,414

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) and the respective exercise price of each vested option as at November 30, 2010.

(2) Under the terms of Mr. Tanguay's employment agreement, the termination of his employment with the Corporation entitles him to exercise his vested options on the earlier of: twenty-four (24) months from his termination date; and the expiry date of the vested options.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) would be exercised.

(4) As at November 30, 2010, the last bonus paid to Mr. Tanguay was the bonus he received for the financial year 2009 which amounted to $176,000.

Christian Marsolais
Vice President, Clinical Research and Medical Affairs

The Corporation entered into an employment agreement for an indeterminate term with Mr. Christian Marsolais on April 13, 2007. In addition to his base salary, Mr. Marsolais is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Marsolais was also entitled to stock options, which have all been granted. These stock options vest over a three-year period from the date of grant. Under the terms of the agreement, Mr. Marsolais agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mr. Marsolais' employment without just and sufficient cause, he will receive an amount equal to nine (9) months of his annual base salary. The payment of this amount will be the sole monetary obligation of the Corporation.

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	83,414
Termination of Employment without Just Cause (2)	184,456	83,414
Termination of Employment in the event of a Change of Control (3)	184,456	313,600
Voluntary Resignation in the event of a Change of Control (3)	—	313,600
Voluntary Resignation (2)	—	83,414

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) and the respective exercise price of each vested option as at November 30, 2010.

(2) Under the Share Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) would be exercised.

Martine Ortega
Vice President, Compliance and Regulatory Affairs

The Corporation entered into an employment agreement for an indeterminate term with Mrs. Martine Ortega on May 11, 2006. In addition to her base salary, Mrs. Ortega is entitled to the Corporation's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mrs. Ortega was also entitled to stock options, which have all been granted. These stock options vest over a three-year period from the date of grant. Under the terms of the agreement, Mrs. Ortega agreed to non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mrs. Ortega's employment without just and sufficient cause, she will receive an amount equal to nine (9) months of her annual base salary, if her termination occurs: (i) in the

context of an internal reorganization of the Corporation or (ii) within two (2) years from the date there occurs a “Change of Control” (as defined below) of the Corporation. The payment of this amount will be the sole monetary obligation of the Corporation. In Mrs. Ortega’s agreement, a “Change of Control” is defined as a transaction resulting in the liquidation or winding-up of the Corporation, delisting of the Corporation’s Common Shares on a stock exchange, the acquisition by a third party of the control of the Corporation, the sale of all or substantially all of the assets of the Corporation or the privatization or a merger of the Corporation.

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	157,082
Termination of Employment without Just Cause (2)	169,399	157,082
Termination of Employment in the event of a Change of Control (3)	169,399	323,100
Voluntary Resignation in the event of a Change of Control (3)	—	323,100
Voluntary Resignation (2)	—	157,082

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) and the respective exercise price of each vested option as at November 30, 2010.

(2) Under the Share Option Plan, the termination of a person’s employment with the Corporation entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of “Change of Control” used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Corporation assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) would be exercised.

Chantal Desrochers
Vice President, Business Development and Commercialization

The Corporation entered into an employment agreement for an indeterminate term with Mrs. Chantal Desrochers on March 14, 2005. In addition to her base salary, Mrs. Desrochers is entitled to the Corporation’s benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mrs. Desrochers was also entitled to stock options, which have all been granted. Under the terms of the agreement, Mrs. Desrochers agreed to non-disclosure and assignment of intellectual property provisions in favour of the Corporation. If the Corporation terminates Mrs. Desrochers’ employment without just and sufficient cause, she will receive an amount equal to 12 months of her annual base salary. The payment of this amount will be the sole monetary obligation of the Corporation.

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	272,096
Termination of Employment without Just Cause (2)	246,946	272,096
Termination of Employment in the event of a Change of Control (3)	246,946	346,796
Voluntary Resignation in the event of a Change of Control (3)	—	346,796
Voluntary Resignation (2)	—	272,096

(1) The value assumes that upon the occurrence of an event, all in-the-money vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) and the respective exercise price of each vested option as at November 30, 2010.

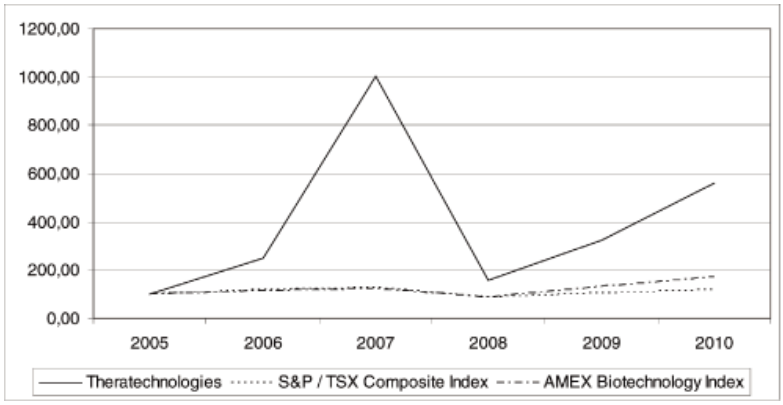
(2) Under the Share Option Plan, the termination of a person's employment with the Corporation entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2010 on the TSX ($5.65) would be exercised.

E. Performance Graph

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

Return on a $100 Investment
from November 30, 2005 to November 30, 2010



	2005	2006	2007	2008	2009	2010
Theratechnologies	100.00	249.50	1004.95	159.41	325.74	559.41
S&P / TSX Composite Index	100.00	117.81	126.47	85.65	105.76	119.67
AMEX Biotechnology Index	100.00	114.31	123.06	88.50	131.89	169.61

The trend shown in the above performance graph indicates that, as at November 30 of each of the 2006, 2007, 2008, 2009 and 2010 years, the annual total shareholder return on a $100 investment in the Common Shares of the Corporation was above the S&P and approximately the same as the AMEX Biotech. The base salaries of the Named Executives Officers were not linked to the trend regarding the annual total shareholder return over the last five years. However, for this period, shareholder return was one of the parameters taken into consideration in establishing the value of the short-term performance reward for the Named Executive Officers.

F. Other Information

Description of the Share Purchase Plan

On February 16, 1999, the Board of Directors adopted a common share purchase plan (the " **Share Purchase Plan**"). The Share Purchase Plan was thereafter amended from time to time and, more recently, by the Board of Directors on February 24, 2009. The last amendments to the Share Purchase Plan were approved by the shareholders on March 26, 2009 at the Corporation's last annual and special meeting of shareholders.

The Share Purchase Plan entitles full-time and part-time employees of the Corporation who, on a Participation Date (as defined below), are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Corporation's outstanding Common Shares, to directly subscribe for Common Shares of the Corporation. The Share Purchase Plan provides that a maximum of 550,000 Common Shares (0.91% of the issued and outstanding Common Shares as at November 30, 2010) may be offered to employees. During the fiscal year ended November 30, 2010, the Corporation issued 2,880 Common Shares under the Share Purchase Plan (0.005% of the issued and outstanding Common Shares as at November 30, 2010). As at the date of the Circular, 207,306 Common Shares remain available for issuance.

On May 1st and November 1st of each year (the "**Participation Dates**"), an employee may subscribe for a number of Common Shares under the Share Purchase Plan for an amount that does not exceed during such year 10% of his annual gross salary during said year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend, differ or determine that no subscription of Common Shares will be allowed on a Participation Date if it is in the best interest of the Corporation.

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

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

At the election of an employee, the subscription price for Common Shares may be paid in cash or through an interest-free loan provided by the Corporation. The loans provided by the Corporation under the Share Purchase Plan may be repayable by equal withholdings from a participant's salary for a period not exceeding two (2) years. All loans may be prepaid at all times. The loans granted to any employee at any time must not exceed 10% of his current annual gross salary. All Common Shares subscribed for through an interest-free loan are hypothecated to secure the full and final repayment of the loan and are held by the trustee, Computershare, until such full repayment. Loans are immediately due and repayable upon the occurrence of one of the following events: (i) the termination of the employment of an employee; (ii) the sale or seizure of the Common Shares being subject to a hypothec; (iii) the bankruptcy or insolvency of an employee; or (iv) the suspension of the payment of an employee's salary or the revocation of his right to salary withholdings.

Shareholder approval is not required for all amendments to the Share Purchase Plan. For example, the Board of Directors may, without shareholder approval, make certain amendments of the following nature to the Share Purchase Plan such as: (i) formal minor or technical amendments to any provision of the Share Purchase Plan; (ii) corrections to any provision of the Share Purchase Plan containing an ambiguity, defect, error or omission; or (iii) changes that do not require shareholder approval as hereafter described. However, the following amendments require the approval by a majority of the shareholders present at a duly called shareholders' meeting:

(a) any extension of the term of the Share Purchase Plan;

(b) any increase in the number of Common Shares reserved for issuance under the Share Purchase Plan;

(c) any increase in the number of Common Shares that may be purchased annually by an employee;

(d) any change in the formula to determine the subscription price of Common Shares; and

(e) any increase in the amount an employee is authorized to borrow from the Corporation to purchase Common Shares under the Share Purchase Plan.

Indebtedness of Executive Officers

As at the date of the Circular, none of the executive officers was indebted to the Corporation.

2. Director Compensation

A. Determination of Director Compensation

The Corporation has adopted a compensation policy for its directors who are not employed on a full-time basis by the Corporation under which they are paid an annual retainer fee as well as attendance fees. In addition, the Corporation reimburses the reasonable expenses incurred by each director to attend meetings of the board or meetings of committees. In January 2008, the Compensation Committee met and reassessed the compensation paid to all board members, committee members and to the chairs of each committee. The last assessment of the compensation paid to individuals acting as board members, committee members and chairs of such committees had occurred in 2004. The assessment was based on a review of public documents filed by Canadian companies listed on the TSX or NASDAQ market. Criteria such as fields of operation, market capitalization, number of employees, stage of development, where applicable, and level of revenue were taken into consideration by the Compensation Committee in reviewing in 2008 the compensation paid to board members, committee members and to chairs of each committee. Based on the recommendation of the Compensation Committee, effective January 1, 2008, the Board of

Directors approved the compensation described in the table below for individuals who are not employees of the Corporation who act as board members, committee members and chairs of those committees.

Position at Board Level or Committee Level	Compensation	Number
Annual Retainer to Chair of the Board	$ 100,000	
Annual Retainer to Board Members	$ 20,000	
Annual Grant of Options	—	10,000
Attendance Fees Paid for Each Meeting of the Board of Directors		
- in person	$ 2,000	
- by conference call	$ 1,200	
Annual Retainer to Chair of the Audit Committee	$ 10,000	
Annual Retainer to Chair of each Committee (other than the Audit Committee)	$ 6,000	
Annual Retainer to Committee Members	$ 4,000	
Attendance Fees Paid for Each Meeting of a Committee (1)		
- in person	$ 1,500	
- by conference call	$ 1,200	

(1) No attendance fee is paid for meetings of the Finance Committee.

B. Director Compensation Table

The following table details all components of the compensation provided to the directors of the Corporation as at November 30, 2010 and the value thereof.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards (2) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Gilles Cloutier	63,800	—	36,200	—	—	—	100,000
A. Jean de Grandpré	83,600	—	36,200	—	—	—	119,800
Robert Goyer (1)	40,300	—	36,200	—	—	—	76,500
Gérald A. Lacoste	78,133	—	36,200	—	—	—	114,333
Paul Pommier	197,967	—	36,200	—	—	—	234,167
Bernard Reculeau	42,500	—	36,200	—	—	—	78,700
Jean-Denis Talon	53,000	—	36,200	—	—	—	89,200

(1) The services of Mr. Goyer are provided to the Corporation by Clinipharm (1987) Inc. (" **Clinipharm**"), a corporation controlled by Mr. Goyer, and all cash compensation for the services of Mr. Goyer is paid to this entity. Based on information received from Clinipharm as at April 13, 2011, Mr. Goyer received no compensation from Clinipharm from December 1, 2009 to November 30, 2010. All options are granted to Mr. Goyer, personally.

(2) The value of the awards is comprised of one grant that occurred on June 8, 2010 (the " **June 2010 Grant**"). As part of the June 2010 Grant, each director who is not an employee of the Corporation was granted 10,000 options at an exercise price of $4.75. Each option has a ten-year term and vests on the date of grant. The terms and conditions of those options are governed by the Share Option Plan.

The value of the option-based awards was calculated using the Black-Scholes-Merton model and the IFRS using the following assumptions:

(i) Risk-free interest rate: 2.61%;

(ii) Expected volatility in the market price of the Common Shares: 81.77%;

(iii) Expected dividend yield: 0%; and

(iv) Expected life: 7.5 years

Fair value per option: $3.62

C. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The table below details the outstanding option-based awards and the share-based awards as at November 30, 2010 for each of the directors who is not an employee of the Corporation.

	Option-Based Awards				Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration date	Value of unexercised in-the-money options (1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Gilles Cloutier	5,000	5.40	2013.05.07	1,250	—	—
	5,000	3.68	2014.05.03	9,850		
	5,000	1.75	2015.05.06	19,500		
	5,000	1.86	2016.03.30	18,950		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		
A. Jean de Grandpré	5,000	11.80	2011.05.10	—	—	—
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	1,250		
	5,000	3.68	2014.05.03	9,850		
	5,000	1.75	2015.05.06	19,500		
	5,000	1.86	2016.03.30	18,950		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		
Robert Goyer	5,000	8.29	2017.03.29	—	—	—
	10,000	4.75	2020.06.08	9,000		
Gérald A. Lacoste	5,000	1.86	2016.03.30	18,950	—	—
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		

	Option-Based Awards				Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration date	Value of unexercised in-the-money options (1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Paul Pommier	5,000	11.80	2011.05.10	—	—	—
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	1,250		
	5,000	3.68	2014.05.03	9,850		
	5,000	1.75	2015.05.06	19,500		
	5,000	1.86	2016.03.30	18,950		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		
Bernard Reculeau	5,000	1.86	2016.03.30	18,950	—	—
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		
Jean-Denis Talon	5,000	11.80	2011.05.10	—	—	—
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	1,250		
	5,000	3.68	2014.05.03	9,850		
	5,000	1.75	2015.05.06	19,500		
	5,000	1.86	2016.03.30	18,950		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	19,250		
	10,000	1.84	2019.03.28	38,100		
	10,000	4.75	2020.06.08	9,000		

(1) The value of unexercised in-the-money options at financial year end is the difference between the closing price of the Common Shares on November 30, 2010 ($5.65) on the TSX and the respective exercise price of the options.

Incentive Plan Awards — Value vested or earned during the year

The table below shows the value vested or earned during the year under each incentive plan as at November 30, 2010 for each of the directors.

Name	Option-based awards Value vested during the year (1) ($)	Share-based awards Value vested during the year ($)	Non-equity incentive plan compensation Value earned during the year ($)
Gilles Cloutier	200	—	—
A. Jean de Grandpré	200	—	—
Robert Goyer	200	—	—
Gérald A. Lacoste	200	—	—
Paul Pommier	200	—	—
Bernard Reculeau	200	—	—
Jean-Denis Talon	200	—	—

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date ($4.77) and the exercise price of the options on that date ($4.75). Options granted to directors as part of the June 2010 Grant vested on their date of grant. In compliance with the Share Option Plan, the exercise price of the options was equal to the closing price of the Common Shares on the day preceding the date of grant of the options ($4.75).

D. Other Information

Indebtedness of Directors

As at the date of the Circular, none of the directors of the Corporation and proposed nominee for election as a director of the Corporation is indebted to the Corporation. During the financial year ended on November 30, 2010, none of the directors of the Corporation was indebted to the Corporation.

Liability Insurance of Directors and Officers

The Corporation purchases liability insurance for its directors and officers in the performance of their duties. These insurance policies also cover the directors and officers of the Corporation's subsidiaries. During the fiscal year ended November 30, 2010, the policies provided maximum coverage of $20,000,000 per claim, subject to a $200,000 deductible per occurrence. Premiums paid by the Corporation for the policies amounted to $109,000. The policies and the premiums do not distinguish between the insurance for the directors' liability and officers' liability, the coverage being the same for both groups.

ITEM III. CORPORATE GOVERNANCE DISCLOSURE

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

1. Board of Directors

A. Independence

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

Name	Independence	Material Relationship
Gilles Cloutier	Yes	None
A. Jean de Grandpré	Yes	None
Robert Goyer	Yes	None
Gérald A. Lacoste	Yes	None
Paul Pommier	Yes	None
Bernard Reculeau	Yes	None
Jean-Denis Talon	Yes	None
Luc Tanguay	No	Corporation Management
Yves Rosconi (1)	No	Corporation Management

(1) Yves Rosconi was replaced as a director of the Corporation on December 2, 2010 by Mr. John-Michel Huss, the current President and Chief Executive Officer of the Corporation.

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

B. Meetings of the Board

The table below details the directors' attendances to the Board of Directors' meetings held in the financial year ended on November 30, 2010.

Name	Number of Meetings	Attendance	Absence
Gilles Cloutier	9	8	1
A. Jean de Grandpré	9	9	0
Robert Goyer	9	9	0
Gérald A. Lacoste	9	9	0
Paul Pommier	9	9	0
Bernard Reculeau	9	9	0
Jean-Denis Talon	9	9	0
Luc Tanguay	9	9	0
Yves Rosconi	9	8	1

A meeting of independent directors, at which non-independent directors and members of management are not in attendance, is planned as the last item of each Board meeting. Accordingly, at the conclusion of each Board meeting, the Chairman determines, along with the other independent directors, the relevance of meeting without non-independent directors and members of management. During the financial year ended November 30, 2010, independent directors held three (3) meetings without members of management.

C. Other Board Memberships

No director of the Corporation is a board member of another reporting issuer.

2. Mandate of the Board of Directors

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

Consistent with its mandate of identifying key business risks facing the Corporation and implementing systems to manage those risks, during the financial year ended November 30, 2009, the Board of Directors undertook to review the various risks faced by the Corporation. To that end, the Board of Directors delegated to the Audit Committee the responsibility of supervising the management team involved in this process. The process was two-pronged: first, it consisted in identifying the most important risks to the Corporation and, second, it consisted in reviewing and testing the measures in place to manage the identified risks and, alternatively, create measures if none was in place. During the financial year ended November 30, 2010, many existing measures were tested and, where applicable, improved. In addition, where needed, certain measures were created to address certain risks.

3. Position Descriptions

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

4. Orientation and Continuing Education

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

In the last financial year, the Corporation provided its directors with reading material covering topics in various fields, including biotechnology, corporate governance and executive compensation. Members of the Audit Committee also continued to educate themselves with the IFRS accounting rules adopted by the Corporation.

5. Ethical Business Code of Conduct

The Board of Directors has adopted a written ethical business code of conduct dated February 18, 2011 (the " **Code of Ethics**") for the Corporation's directors, executive officers and employees. The Code of Ethics contains rules regarding human rights laws, the confidentiality of the Corporation's information, insider trading, conflicts of interest and the use of the Corporation's information technology systems. The Code of Ethics encourages and promotes ethical business conduct that upholds integrity and fault prevention. The Code of Ethics is available on the Corporation's website (www.theratech.com).

6. Corporate Governance and Nomination of Directors

The Nominating and Corporate Governance Committee is responsible for proposing new candidates for Board nominations and for reviewing the Corporation's governance practices. This Committee is comprised exclusively of independent directors, namely Gerald Lacoste, who is the Chair, Gilles Cloutier, A. Jean de Grandpré, Robert Goyer and Paul Pommier. A copy of the Committee's Charter is attached hereto as Appendix E.

The Nominating and Corporate Governance Committee met at the beginning of the current financial year to discuss various governance matters, including the election mode of directors, the assessment of the Board of Directors and each of its committees, the assessment of each director and each committee member and succession planning.

The table below details members' attendance to the Nominating and Corporate Governance Committee's meeting held in the financial year ended November 30, 2010.

Name	Number of Meeting	Attendance	Absence
Gérald A. Lacoste	1	1	0
Gilles Cloutier	1	1	0
Jean A. de Grandpré	1	1	0
Robert Goyer	1	1	0
Paul Pommier	1	1	0

7. Compensation

A. Independence

The Compensation Committee is responsible for examining matters relating to the compensation of directors and executive officers on behalf of the Board of Directors. The Compensation Committee is comprised exclusively of independent directors, namely A. Jean de Grandpré, who acted as Chair until December 31, 2010, Bernard Reculeau, Paul Pommier and Jean-Denis Talon, the current Chair. A detailed description of the procedure used by the Compensation Committee to establish compensation is provided under Item II of the Circular.

In the last financial year, the Compensation Committee retained the services of Tower Watson, an independent third-party consulting firm, to assess the long-term incentive plan for both the directors and executive officers. The work performed by Towers Watson resulted in the Board of Directors adopting the DSU Plan. For a description of the DSU Plan, see "Item II — Long-term Incentive Program — Description of the Deferred Share Unit Plan".

B. Meetings of the Compensation Committee

The table below details members' attendance to the Compensation Committee's meetings held in the financial year ended November 30, 2010.

Name	Number of Meetings	Attendance	Absence
A. Jean de Grandpré	3	3	0
Paul Pommier	3	3	0
Bernard Reculeau	3	3	0
Jean-Denis Talon	3	3	0

8. Audit Committee

A. Independence

The Corporation has an audit committee comprised of three independent directors, namely Paul Pommier, who is the Chair, Gérald A. Lacoste and Jean-Denis Talon. Reference is made to Item 4.2 of the Corporation's annual information form dated February 22, 2011 for a description of the Audit Committee.

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 Corporation's financial statements.

B. Meetings of the Audit Committee

The table below details members' attendance to the Audit Committee's meetings held in the financial year ended on November 30, 2010.

Name	Number of Meetings	Attendance	Absence
Gérald A. Lacoste	4	4	0
Paul Pommier	4	4	0
Jean-Denis Talon	4	4	0

A meeting of the members, at which members of management are not in attendance, is planned as the last item of each Audit Committee meeting when members of management are asked to attend Audit Committee meetings. Accordingly, at the conclusion of each Audit Committee meeting, the Chairman determines, along with the members, the relevance of meeting without members of management. During the last financial year ended November 30, 2010, members held 4 meetings without members of management.

9. Strategic Committee

The Strategic Committee was created in august 2007 to review potential strategic alternatives to enhance shareholder value such as the entering into of a co-promotion or a partnership agreement with regards to tesamorelin, the finding of a possible partner, acquiror or target business with a view to complete a merger, a sale or an acquisition. As a result of the announcement in October 2008 of the collaboration and licensing agreement entered into between the Corporation and EMD Serono, Inc., the mandate of the Strategic Committee was changed by the Board of Directors

The Strategic Committee currently has the following role and responsibilities:

- to evaluate and review the various business alternatives of the Corporation for enhancing shareholder value (the " **Strategic Alternatives**");
- to make recommendations to the Board of Directors with respect to the Strategic Alternatives and to undertake a process it considers appropriate in order to provide such recommendations;
- if one of the Strategic Alternatives is approved by the Board of Directors, to maintain, on behalf of the Board of Directors, a review of its implementation; and
- to perform any action deemed necessary or advisable to comply with its duties and obligations under applicable laws.

Further to the announcement in June 2010 of the retirement of Mr. Yves Rosconi as President and Chief Executive Officer of the Corporation, the Strategic Committee became responsible to recruit a new President and Chief Executive Officer. In undertaking this mandate, the Strategic Committee retained the services of Egon Zehnder International, and independent third-party consulting firm specialized in the recruitment of senior executives. The Strategic Committee is composed of four (4) independent directors, namely Paul Pommier, who is the Chair, Gilles Cloutier, A. Jean de Grandpré and Gérald A. Lacoste.

The table below details the members' attendance to the Strategic Committee's meetings held in the financial year ended on November 30, 2010.

Name	Number of Meetings	Attendance	Absence
Gilles Cloutier	16	15	1
A. Jean de Grandpré	16	16	0
Gérald A. Lacoste	16	16	0
Paul Pommier	16	16	0

A meeting of the members, at which members of management are not in attendance, is planned as the last item of each Strategic Committee meeting when members of management are asked to attend Strategic Committee meetings. Accordingly, at the conclusion of each Strategic Committee meeting, the Chairman determines, along with the members, the relevance of meeting without members of management. During the last financial year ended November 30, 2010, members held ten (10) meetings without members of management.

10. Financing Committee

For the current financial year, the Financing Committee is composed of three (3) independent directors, namely A. Jean de Grandpré, who is the Chair, Paul Pommier and Jean-Denis Talon, and the President and Chief Executive Officer and the Senior Executive Vice President and Chief Financial Officer. The Financing Committee's mandate is to study and analyze financing matters. No meeting of the Financing Committee was held in the financial year ended November 30, 2010.

ITEM IV. OTHER INFORMATION

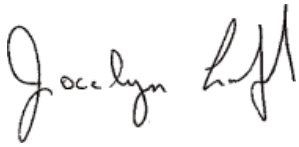
1. Additional Documentation

The Corporation is a reporting issuer in all Canadian provinces and is required to file its financial statements and Circular with each Canadian Securities Commission. Each year, the Corporation also files an Annual Information Form with such commissions. The financial information of the Corporation is provided in the Corporation's comparative financial statements and Management's Discussion & Analysis for its fiscal year ended November 30, 2010. Copies of the Corporation's financial statements, management proxy circular and Annual Information Form may be obtained on request to the Secretary of the Corporation at the following address: 2310 Alfred-Nobel Blvd, Montreal, Québec, H4S 2B4 or by consulting the SEDAR Website at www.sedar.com. The Corporation may require the payment of a reasonable fee if the request is made by someone other than a security holder of the Corporation, unless the Corporation is in the course of a distribution of its securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge.

2. Approval by the Board Of Directors

The content and the sending of this Circular have been approved by the Board of Directors of the Corporation on April 14, 2011.

Montreal, Québec, April 14, 2011.



Jocelyn Lafond
Corporate Secretary

APPENDIX A

SPECIAL RESOLUTION OF THE SHAREHOLDERS OF THERATECHNOLOGIES INC. (THE "CORPORATION")

RESOLUTION 2011-1
AMENDMENT TO THE ARTICLES OF THE CORPORATION

BE IT RESOLVED:

1. That the amendment to the articles of the Corporation to provide the directors with the right to appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, subject to the total number of directors so appointed not exceeding one third of the number of directors elected at the previous annual shareholders meeting, be and is hereby approved;

2. That the Corporation be, and it is hereby authorized, to file articles of amendment (the " **Articles of Amendment**") with the Enterprise Registrar and any other competent regulatory authority;

3. That any director or officer of the Corporation be, and is hereby authorized, to execute and deliver the Articles of Amendment and any other document and instrument and to take such other actions, for and on behalf of the Corporation, as such director or officer may deem necessary or advisable to give effect to this resolution in his entire discretion, his determination being conclusively evidenced by the execution and delivery of such documents or instruments and the taking of such actions.

APPENDIX B

COMPENSATION COMMITTEE CHARTER

I. Mandate

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

A. compensation of Senior Management;

B. assessment of Senior Management;

C. compensation of Directors;

D. stock option grants;

E. overall increase in total compensation.

II. Obligations and Duties

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

A. Compensation of Senior Management

1. Develop a compensation policy for the Corporation's Senior Management, notably the Senior Management compensation structure, annual salary adjustments as well as the creation and administration of short and long term incentive plans, stock options, indirect advantages and benefits proposed by the President and Chief Executive Officer.

2. Review and establish all forms of compensation to Senior Management.

3. Oversee, as required, employment contracts and terminations of Senior Management, notably severance pay.

4. Oversee the Corporation's annual report on Senior Management compensation part of the Corporation's continuous disclosure requirements under applicable laws and regulations.

B. Assessment of Senior Management

1. Develop a written position description for the President and Chief Executive Officer.

2. Establish general objectives annually for the President and Chief Executive Officer of the Corporation and for other members of senior management.

3. Examine and review annually the President and Chief Executive Officer's performance against specific performance criteria pre-established by the Committee.

4. Examine, in collaboration with the President and Chief Executive Officer, the annual performance assessment of other senior managers.

C. Compensation of Directors

1. Recommend to the Board approval of the Director's Compensation Policy.

2. Examine the compensation of Directors in relation to the risks and duties of their position.

D. Stock Option Grants

1. Oversee, review as needed and recommend Board approval of the Corporation Share Option Plan.

2. The Committee may delegate, at its discretion, the plan's administration to members of the Corporation's Management and employees.

3. Examine, oversee and recommend Board approval of stock option grants, specifically:

   a. the people to whom options are granted;

   b. the number of options granted;

   c. the exercise price of the options;

   d. the exercise period of the options; and

   e. all other conditions relating to options granted.

4. Overall Increase in Total Compensation

   Approve annually the Corporation's increase in overall compensation.

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation 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 Corporation, as determined by the Board, in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

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

VI. Vacancy

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

VII. Chairman

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

VIII. Secretary

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

IX. Meeting Proceedings

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

X. Quorum and Vote

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

XI. Records

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

XII. Effective Date

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

APPENDIX C

MANDATE OF THE BOARD OF DIRECTORS

I. Role

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

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

II. Obligations and Responsibilities

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

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

A. Appointment, assessment, succession planning of Senior Management

1. Select and appoint the President and Chief Executive Officer of the Corporation.
2. Oversee the appointment of other members of Senior Management.
3. Ensure that the Corporation has a succession plan for the President and Chief Executive Officer.
4. Monitor the performance of the President and Chief Executive Officer and others Executive Officers, with respect to pre-established objectives.

B. Compensation of Directors

1. Establish the compensation of Directors.

C. Strategic Direction and Planning

1. Adopt the Corporation's strategic planning process.
2. Approve the Corporation's strategic plan and review Senior Management's performance in implementing the plan.

3. Review the strategic plan annually, taking into account opportunities and risks, and monitoring the Corporation's performance against the plan.
4. Review and approve the Corporation's annual plans towards financing the strategic plan.
5. Review and approve the Corporation's annual operating budget.
6. Identify key business risks facing the Corporation and the implementation of appropriate systems to manage these risks.
7. Discuss with Management how the strategic environment is changing and the key strategic issues.

D. Corporate Behaviour and Governance

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

E. Personal Behaviours

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

III. External Advisors

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

IV. Composition of the Board

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

V. Board Meeting Procedures

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

VI. Records

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

VII. Effective Date

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

APPENDIX D

DIRECTOR ORIENTATION AND CONTINUING EDUCATION POLICY

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

I. Purpose

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

II. Orientation of New Directors

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

A. Copies of Board meeting minutes and written resolutions since the beginning of the fiscal year (which may include those of the preceding fiscal year, depending of the date of appointment), including a copy of the minutes of the last annual meeting;

B. A schedule of Board Meetings for the year;

C. The disclosure policies et procedures and the "Undertaking" form (for signature);

D. The policy on insider trading in force at Theratechnologies (with mention to register as an insider with the Canadian securities agency through SEDI.ca and to prepare an initial insider report within ten (10) days following appointment);

E. Theratechnologies' Share Option Plan;

F. The latest annual report and accompanying information on Theratechnologies (fact sheet, latest press releases, latest annual information form and corporate presentation);

G. The Director Disclosure Form (to complete and return within afforded time);

H. The General By-Laws, the Board's written mandate, the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Charter; and

I. The Directors and Senior Management coverage and compensation.

III. Continuing Education

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

A. Management provides Directors, from time to time, with pertinent articles and books relating to the Corporation's business, its competitors, corporate governance and regulatory issues;

B. Key Corporation executives make regular presentations to the Board on business activities;

C. Certain consultants present to the Board on matters relevant to their role and duties. Consultants such as insurance brokers presenting on risks faced by the Corporation or consultants presenting a long-term strategy for the Corporation;

D. The Secretary offers Directors continuing education in the form of presentations on new legal and regulatory requirements that impact the Board.

IV. Review

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

APPENDIX E

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Mandate

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

A. Recruit candidates for the Board;

B. Review the size of the Board;

C. Composition of the Board;

D. Function of the Board;

E. Orientation and education of Board members; and

F. Governance.

II. Obligations and Duties

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

A. Recruit Candidates for the Board

1. Identify potential candidates as members of the Corporation's Board of Directors. In so doing, the Committee will consider:

   a. independence of candidates under the terms of National Policy 58-201 on corporate governance;

   b. the competencies, skills and personal characteristics sought in candidates. The Committee will determine what it considers necessary by assessing competencies, skills and personal characteristics of the candidates in relation to: (1) those generally required by the Board; (2) those already present in other Board members; and (3) those which are a welcome addition; and

   c. the availability of candidates.

2. All Board members may submit to the Committee potential candidates for membership, and the Committee shall review such candidates in light of above described competencies and skills desirable for the Board.

3. The Committee shall proceed as follows for the recruitment of candidates:

a. as it is determined by the Committee and the Board of Directors that Board vacancies must be filled or new members are desirable, the Chairman of the Board of Directors shall make contact with candidates that have been identified by the Committee per the above described criteria;

b. upon a positive evaluation by the Chairman of the Board of Directors and positive reaction from the candidate, at least two (2) members of the Board shall meet with the candidate; and

c. upon a positive evaluation by the two (2) Board members and the continuing interest of the candidate, the Committee shall make a recommendation to the Board of Directors, providing all pertinent background information for analysis and discussion by the Directors.

B. Board Size

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

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

C. Composition of the Board

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

D. Board Functioning

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

E. Orientation and Continuing Education of Board Members

Develop an orientation and continuing education policy for Directors.

F. Governance

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

III. External Advisors

In discharging its duties and responsibilities, the Committee is empowered to retain external legal counsel or other external advisors, as appropriate. The Corporation 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 Corporation, as determined by the Board in accordance with applicable laws, rules and regulations.

V. Term of the Mandate

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

VI. Vacancy

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

VII. Chairman

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

VIII. Secretary

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

IX. Meeting Proceedings

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

In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

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

XI. Records

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

XII. Effective Date

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

MERRILL
CORPORATION CANADA
Printed In Canada

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the " **Meeting**") of the Company will be held at the Centre Mont-Royal, 2200 Mansfield, Salon International, Montreal, Québec, on Thursday, March 25, 2010 at 10:00 a.m., local time, for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2009, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider, and if deemed advisable, to pass Resolution 2010-1 (the text of which is attached as Appendix A to the accompanying Management Proxy Circular), with or without amendments, approving the shareholder rights plan, the whole as described in the accompanying Management Proxy Circular; and

(5) to transact such other business as may properly come before the Meeting.

DATED at Montreal, Québec, Canada, February 23, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Corporate Secretary

THERATECHNOLOGIES INC.

9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

Security Class

Holder Account Number

Fold

Form of Proxy — Annual and Special Meeting of Shareholders to be held on March 25, 2010

This Form of Proxy is solicited by and on behalf of Management.

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting, or at any adjournment thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder; however, if such a direction is not made in respect of any matter, this proxy will be voted as recommended by Management.**
6. The securities represented by this proxy will be voted or withheld from voting, in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.

Fold

7. This proxy confers discretionary authority in respect of amendments to matters identified in the Notice of Meeting or other matters that may properly come before the meeting.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

Proxies submitted must be received prior to 5:00 p.m., Eastern Time, on March 23, 2010.

Appointment of Proxyholder

The undersigned shareholder of Theratechnologies Inc. (the "Company") hereby appoints: PAUL POMMIER, Chairman of the Board, or failing him, YVES ROSCONI, President and Chief Executive Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management Nominees listed herein.

as my proxyholder to attend and act for and on my behalf at the Annual and Special Meeting of Shareholders of the Company to be held at the Centre Mont-Royal, 2200 Mansfield, Salon International, Montreal, Québec, on Thursday, March 25, 2010 at 10:00 a.m., (the "Meeting"), and at any adjournment thereof, with full power of substitution and with all the powers which the undersigned could exercice with respect to his/her common shares if personnally present at the Meeting. The shares are to be voted, on any ballot, in accordance with the instructions given below:

VOTING RECOMMENDATIONS BY MANAGEMENT ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

	For	Withhold
1. **Election of Directors** Vote FOR or WITHHOLD from voting with respect to the election of directors	☐	☐

Fold

	For	Withhold
2. **Appointment of Auditors** Vote FOR or WITHHOLD from voting with respect to the appointment of auditors.	☐	☐

	For	Against	Withhold
3. **Resolution 2010-1 Approving the Shareholder Rights Plan** Vote FOR, AGAINST or WITHHOLD from voting with respect to resolution 2010-1.	☐	☐	☐

Fold

Authorized Signature(s) — This section must be completed for your instructions to be executed.

I authorize you to act in accordance with my instructions set out above. I hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted as recommended by Management.**

Signature(s)

Date

DD/MM/YY

Interim Financial Statements — Mark this box if you would like to receive interim financial statements and accompanying Management's Discussion and Analysis by mail. ☐

Annual Report — Mark this box if you would like to receive the Annual Report and accompanying Management's Discussion and Analysis by mail. ☐

If you are not mailing back your proxy, you may register online to receive the above financial report(s) by mail at www.computershare.com/mailinglist.

NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS TO BE HELD ON
THURSDAY, MARCH 25, 2010

AND

MANAGEMENT PROXY CIRCULAR

FEBRUARY 23, 2010

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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

NOTICE IS HEREBY GIVEN that an annual and special meeting of shareholders (the "**Meeting**") of the Company will be held at the Centre Mont-Royal, 2200 Mansfield, Salon International, Montreal, Québec, on Thursday, March 25, 2010 at 10:00 a.m., local time, for the following purposes:

(1) to receive the consolidated financial statements for the fiscal year ended November 30, 2009, as well as the auditors' report thereon;

(2) to elect directors for the ensuing year;

(3) to appoint auditors for the ensuing year and authorize the directors to set their compensation;

(4) to consider, and if deemed advisable, to pass Resolution 2010-1 (the text of which is attached as Appendix A to the accompanying Management Proxy Circular), with or without amendments, approving the shareholder rights plan, the whole as described in the accompanying Management Proxy Circular; and

(5) to transact such other business as may properly come before the Meeting.

DATED at Montreal, Québec, Canada, February 23, 2010.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Jocelyn Lafond

Jocelyn Lafond
Corporate Secretary

MANAGEMENT PROXY CIRCULAR

*The information contained in this management proxy circular (the "**Circular**") is given as at February 23, 2010, except as otherwise noted. All dollar amounts set forth herein are expressed in Canadian dollars and the symbol "$" refers to the Canadian dollar, unless otherwise indicated.*

TABLE OF CONTENTS

ITEM I. INFORMATION RELATING TO THE ANNUAL AND SPECIAL MEETING

1. Voting

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

A. By Proxy

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by the management of Theratechnologies Inc. (the "**Company**" or "**Theratechnologies**") of proxies to be used at the Meeting of the Company to be held on Thursday, March 25, 2010, at the time, place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "**Notice of Meeting**") and at any continuation of the Meeting after adjournment thereof.

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

Terms of Proxy Grant

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

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

Proxy Voting

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

Furthermore, the enclosed form of proxy confers upon the proxy holder a discretionary power with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other matters which may properly come before the Meeting, or any continuation after adjournment thereof.

However, to our knowledge, all matters to be brought before the Meeting are mentioned in appropriate fashion in the Notice of Meeting.

Delivery of Form of Proxy and Deadlines

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Company please send the completed form of proxy to the Secretary of the Company, c/o Computershare Trust Company of Canada, 1100 University Street, 12th Floor, Montreal, Québec H3B 2G7, prior to 5:00 p.m. (Eastern time) on March 23, 2010 (unless you attend the Meeting in person). All shares represented by proper proxies accompanied by duly completed declarations received by Computershare at the latest on such date and prior to such time will be voted in accordance with your instructions as specified in the proxy form on any ballot that may be called at the Meeting.

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

Revocation of a Proxy

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

If you hold your shares personally and are a registered shareholder in the registry of shareholders of the Company, please send a written notice to revoke a proxy bearing your signature or that of your proxy (or a representative of your proxy if your proxy is a company) to the Secretary of the Company, c/o Computershare Trust Company of Canada, 1100 University Street, 12th Floor, Montreal, Québec H3B 2G7, prior to 5:00 p.m. (Eastern time) on March 23, 2010. You may also revoke a proxy in person at the Meeting by making a request to that effect to the Secretary of the Company.

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

B. In Person

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

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

C. Voting Securities and Principal Holders

As at February 22, 2010, there were 60,449,891 common shares (the "**Common Shares**") of the Company issued and outstanding. The Common Shares are the only securities with respect to which a voting right may be exercised at the Meeting. Each Common Share entitles its holder to one vote with respect to the matters voted on at the Meeting.

Holders of Common Shares whose names are registered on the lists of shareholders of the Company as at 5:00 p.m. (Eastern time) on February 22, 2010, being the date fixed by the Company for determination of the registered holders of Common Shares who are entitled to receive notice of the Meeting (the "**Record Date**"), will be entitled to exercise their voting rights attached to the Common Shares in respect of which they are so registered at the Meeting, or any continuation after adjournment thereof, if present or represented by proxy thereat. However, even if you have acquired Common Shares after the Record Date, you will be entitled to vote at the Meeting if, at least twenty-four (24) hours prior to the Meeting, you produce certificates for such Common Shares properly endorsed by the seller, or if you otherwise establish that you own such Common Shares and have requested that your name be included on the list of shareholders entitled to receive the Notice of Meeting.

To our knowledge, no person beneficially owns, or controls or directs control, directly or indirectly, over more than ten percent (10%) of the outstanding Common Shares of the Company.

2. Subjects To Be Treated at the Meeting

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

A. Receipt of Financial Statements

The consolidated financial statements for the fiscal year ended November 30, 2009 together with the auditors' report thereon will be presented at the Meeting. The financial statements are included in the Company's 2009 annual report, which has been mailed to you if you requested it, along with this Circular. The financial statements are also available on SEDAR at www.sedar.com. No vote is required on this matter.

B. Election of Directors

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

Composition of the Board of Directors

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

Nominees

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

At the Meeting, shareholders are asked to vote on a slate of directors. However, at a meeting of the Nominating and Corporate Governance Committee held in December 2009, the members of this committee agreed to review the election mode of directors for the next annual meeting of the Company. The members of the committee will examine the opportunity to move from a bundled slate of directors to an election of directors on an individual basis.

The following table states the names of all persons proposed for election as directors, their province or state and country of residence, their principal occupation, the position held in the Company (if any), the year in which they first became directors of the Company and the number of Common Shares they own, directly or indirectly, or over which they exercise control or direction. To obtain additional information regarding the biographical notes of the nominees, shareholders can consult item 4.1 of the Company's 2009 annual information form dated February 23, 2010 available on SEDAR at www.sedar.com.

The information relating to the number of Common Shares held by the nominees in the table below and under "Cease Trade Orders, Bankruptcies, Penalties or Sanctions" is based on the statements made by the nominees.

Name, Province or State and Country of Residence	Principal Occupation	Director Since	Number of Common Shares of the Company Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
Paul Pommier(1) (2) (3) (4) (5) Québec, Canada	Chairman of the Board of the Company	1997	190,100
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	200,000
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	Corporate Director	2005	18,100
Yves Rosconi(4) Québec, Canada	President and Chief Executive Officer of the Company	2004	67,093
Jean-Denis Talon(1) (2) Québec, Canada	Chairman of the Board AXA Canada (Insurance Company)	2001	60,000
Luc Tanguay(4) Québec, Canada	Senior Executive Vice President and Chief Financial Officer of the Company	1993	83,000

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee

(4) Member of the Financing Committee

(5) Member of the Strategic Review Committee

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described below, to the knowledge of management of the Company, no nominee (a) is, as at the date of the Circular, or has been within the ten (10) years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 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 (10) years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold 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)* (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.

Luc Tanguay is currently a member of the board of directors of Ambrilia Biopharma Inc. (hereafter "**Ambrilia**") and has been a member since August 22, 2006. On July 31, 2009, Ambrilia obtained court protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada). The purpose of the order issued by the court granting Ambrilia protection from its creditors is to provide Ambrilia and its subsidiaries the opportunity to restructure its affairs. Ambrilia is still under court protection. In addition, on July 31, 2009, the Toronto Stock Exchange halted the trading of Ambrilia's shares pending its review of Ambrilia's meeting the requirements for continuous listing. On August 5, 2009, Ambrilia announced that its shares would resume trading.

C. Appointment of Auditors

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

The table below sets forth the fees paid to the auditors of the Company for the financial years ended November 30, 2009 and November 30, 2008.

	Financial Year Ended November 30, 2009	Financial Year Ended November 30, 2008
Audit Fees	$ 80,000	$ 77,000
Audit-Related Fees (1)	$ 17,500	$ 71,300
Tax Fees (2)	$ 39,626	$ 40,064
All Other Fees	—	—

(1) Audit-related fees relate principally to services rendered in connection with the Company's quarterly financial statements. For the financial year ended November 30, 2008, audit-related fees paid to KPMG also included fees related to services rendered in connection with the Company's public offering.

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

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

D. Approval of Shareholder Rights Plan

On February 10, 2010, the Board of Directors implemented a shareholder rights plan (the '**Rights Plan**"), the terms and conditions of which are set out in a shareholder rights plan agreement (the "**Rights Agreement**") dated February 10, 2010 with Computershare Trust Services of Canada, as rights agent. The Rights Plan is currently effective but is subject to approval by a majority of the votes cast by shareholders, in person or by proxy, at the Meeting. If shareholders of the Company do not approve the Rights Plan, it will cease to be effective and will terminate.

Purpose of the Rights Plan

The purpose of the Rights Plan is to ensure equal treatment of shareholders and to give adequate time for shareholders to properly assess the merits of a bid without undue pressure, and to allow competing bids to emerge. The Rights Plan is designed to give the Board of Directors time to consider alternatives, allowing shareholders to receive full and fair value for their shares. The Rights Plan was not adopted by the Board of Directors in response to any acquisition proposal and is not designed to secure the continuance in office of the current management or the directors of the Company. The adoption of the Rights Plan does not in any way lessen the duties of the directors to fully and fairly examine all bids which may be made to acquire the Common Shares of the Company and to exercise such duties with a view to the best interest of the shareholders and the Company.

Before deciding to adopt the Rights Plan, the Board of Directors considered the current shareholdings of the Company and the legislative framework in Canada governing takeover bids. To our knowledge, there is currently no person who beneficially owns, or controls or directs control, directly or indirectly, over more than ten percent (10%) of the outstanding Common Shares of the Company. Therefore, a person could acquire a *de facto* control of the Company through the purchase of a number of Common Shares that would represent a percentage of Common Shares below 50% by entering into private acquisition agreements without having to make an offer to all of the shareholders.

Under provincial securities legislation, a takeover bid generally means an offer to acquire voting or equity voting shares of a corporation that, together with shares already owned by the bidder and certain parties related thereto, amount to 20% or more of the outstanding shares of that class.

The existing legislative framework for takeover bids in Canada presents the following concerns for shareholders:

1. *Time*

   Current legislation permits a takeover bid to expire 35 days after it is initiated. The Board of Directors is of the view that this is not sufficient time to permit shareholders to adequately consider a takeover bid and make a reasoned and unhurried decision.

2. *Pressure to Tender*

   A shareholder may feel compelled to tender his Common Shares pursuant to a takeover bid which he considers to be inadequate, out of a concern that in failing to do so, the shareholder may be left with illiquid or minority discounted Common Shares. The Rights Plan provides shareholders with a mechanism which is intended to ensure that they can separate the decision to tender, based on the merits of a bid, from the approval or disapproval of a particular takeover bid.

3. *Unequal Treatment*

   Shareholders may not be treated equally if, as current securities legislation provides, an important number of Common Shares is acquired pursuant to a private agreement in which a small group of shareholders or a shareholder disposes of its Common Shares at a premium to market price, which premium is not shared with the other shareholders of the Company. In addition, a person may gradually accumulate Common Shares through stock exchange acquisitions which results in an acquisition of control of the Company, without payment of fair value for control or a fair sharing of a control premium amongst all shareholders. The Rights Plan addresses these concerns by applying to all acquisitions of 20% or more of the Common Shares of the Company, ensuring that shareholders receive equal treatment.

The issue of rights (the "**Rights**") will not in any way adversely alter the financial condition of the Company and will not change the way in which shareholders trade their Common Shares. However, by permitting holders of Rights other than an "Acquiring Person" (as defined below) to acquire additional Common Shares of the Company at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the outstanding Common Shares other than by way of a "Permitted Bid" (as defined below). A potential bidder can avoid the dilutive features of the Rights Plan by making a bid that conforms to the requirements of a Permitted Bid.

The Company has reviewed the Rights Plan for conformity with current practices of Canadian companies with respect to shareholder protection rights plans. We believe that the Rights Plan preserves the fair treatment of shareholders, is consistent with best Canadian corporate practices and addresses institutional investor guidelines.

Terms of the Rights Plan

The following is a summary of the principal terms of the Rights Agreement and is provided subject to the terms and conditions thereof. A complete copy of the Rights Agreement has been filed and is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Issue of Rights

In order to implement the Rights Plan, the Board of Directors authorized the Company to issue one right in respect of each Common Share outstanding as of 6:00 p.m. (Montreal time) on February 9, 2010 (the "**Effective Date**"). One Right will also be issued and attached to each subsequently issued Common Share.

Rights-Exercise Privilege

The Rights will be separate from the Common Shares to which they are attached and will become exercisable at the time (the "**Separation Time**") that is ten (10) business days after the earlier of: (i) the first date of public announcement that an "Acquiring Person" (as defined below) has become such; (ii) the date of commencement of, or first public announcement in respect of, a takeover bid which will permit an offeror to hold 20% or more of the Common Shares, other than by an acquisition pursuant to a takeover bid permitted by the Rights Plan (a "**Permitted Bid**" as defined below); (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid; or (iv) such other date as may be determined in good faith by the Board of Directors.

The acquisition permitting a person (an "**Acquiring Person**"), including others acting jointly or in concert with such person, to hold 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid, is referred to as a "**Flip-in Event**." Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of a public announcement (the "**Common Share Acquisition Date**") by the Company or an Acquiring Person that an Acquiring Person has become such will become null and void upon the occurrence of a Flip-in Event. Ten (10) trading days after the occurrence of the Common Share Acquisition Date, each Right (other than those held by the Acquiring Person) will permit the holder to purchase for the exercise price that number of Common Shares determined as follows: a value of twice the exercise price divided by the average weighted market price for the last 20 trading days preceding the Common Share Acquisition Date. The exercise price is currently $25 per Right, subject to adjustment provisions described in the Rights Plan.

Upon the occurrence of a Flip-in Event and the separation of the Rights from the Common Shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Lock-Up Agreements

A bidder may enter into lock-up agreements with the shareholders of the Company whereby such shareholders agree to tender their Common Shares to the takeover bid (the "**Lock-up Bid**") without a Flip-in Event occurring. Any such agreement must permit or must have the effect to permit the shareholder to withdraw the Common Shares to tender to another takeover bid or to support another transaction that exceeds the value of the Lock-up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued after the Effective Date. Rights are also attached to Common Shares outstanding on the Effective Date, although share certificates will not bear such a legend. Prior to the Separation Time, Rights will not be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares.

"Permitted Bid" Requirements

A "**Permitted Bid**" is a takeover bid that does not trigger the exercise of Rights. A "**Permitted Bid**" is a bid that aims to acquire shares which, together with the other securities beneficially owned by the bidder, represent not less than 20% of the outstanding Common Shares, which bid is made by means of a takeover bid circular and satisfies the following requirements:

(i) the bid must be made to all holders of Common Shares;

(ii) the bid must include a condition without reservation providing that no share tendered pursuant to the bid will be taken up prior to the expiry of a period of not less than 60 days and only if at such date more than 50% in aggregate of the outstanding shares held by the shareholders other than the bidder, its associates and affiliates, and persons acting jointly or in concert with such persons (the "**Independent Shareholders**"), have been tendered pursuant to the bid and not withdrawn;

(iii) if more than 50% in aggregate of the shares held by Independent Shareholders are tendered to the bid within the 60-day period, the bidder must make a public announcement of that fact and the bid must remain open for deposits of shares for an additional ten (10) business days from the date of such public announcement.

Waiver and Redemptions

The Board of Directors acting in good faith may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event that would result from a takeover bid made by way of takeover bid circular to all holders of Common Shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event. The Board of Directors may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Common Shares within 14 days or any other period that may be specified by the Board of Directors. At any time prior to the occurrence of a Flip-in Event, the Board of Directors may, subject to the prior approval of the holders of Common Shares, elect to redeem all, but not less than all, of the outstanding Rights at a price of $0.0001 per right.

Exemption for Investment Managers

Investment managers (for client accounts), trust companies and pension funds (acting in their capacity as trustees and administrators) acquiring shares permitting them to hold 20% or more of the Common Shares are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

Supplements and Amendments

The Company is authorized to make amendments to the Rights Plan to correct any clerical or typographical error or to maintain the validity of the Rights Plan as a result of changes in laws or regulations. Prior to the Meeting, the Company is authorized to amend or supplement the Rights Plan as the Board of Directors may in good faith deem necessary or advisable. The Company will issue a press release relating to any material amendment made to the Rights Plan prior to the Meeting and will advise the shareholders of any such amendment at the Meeting. Material amendments or supplements to the Rights Plan will require, subject to the regulatory authorities, the prior approval of the shareholders or, after the Separation Time, holders of Rights.

Canadian Income Tax Consequences of the Rights Plan

Under the *Income Tax Act* (Canada) (the "**Tax Act**"), while the matter may be debated, the issue of the Rights under the Rights Plan may be a taxable benefit, the fair market of value of which must be included in the income of a recipient. The Company considers that the Rights, when issued, will have no or negligible monetary value, there being only a remote possibility that the Rights will ever be exercised. The Rights will be considered to have been acquired at no cost. The holder of Rights may realize income or be subject to withholding tax under the Tax Act if the Rights become exercisable, are exercised and are otherwise disposed of.

The information provided above is of a general nature and is not intended to constitute, nor should it be construed as, legal or tax advice to any particular holder of Common Shares. Such holders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and applicable federal, provincial, territorial or foreign legislation.

Recommendation of the Board of Directors

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the Rights Plan by passing Resolution 2010-1, substantially in the form of the resolution attached as Appendix A to this Circular. Resolution 2010-1 must be passed by a majority of the votes cast by shareholders entitled to vote who are represented in person or by proxy at the Meeting and who vote in respect of that resolution.

The Board of Directors considers the approval of the Rights Plan to be appropriate and in the best interests of the Company and recommends that shareholders vote in favour of Resolution 2010-1 to approve the Rights Plan.

Unless instructions are given to vote against, or abstain from voting on, Resolution 2010-1, the persons whose names appear in the enclosed form of proxy will vote FOR the passing of Resolution 2010-1.

E. Other Matters to be Acted Upon

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matter in accordance with the best judgment of the persons voting the proxy.

ITEM II. COMPENSATION

The compensation of the executive officers and directors of the Company is determined by the compensation committee of the Company (the "**Compensation Committee**"). The Compensation Committee is composed of four (4) independent directors, namely A. Jean de Grandpré, who is the chair of the Compensation Committee, Paul Pommier, Bernard Reculeau and Jean-Denis Talon. The mandate, obligations and duties of the Compensation Committee are described in Appendix B to this Circular. The Compensation Committee reviews the compensation of executive officers at a meeting held after the end of the Company's financial year. At this meeting, the Compensation Committee reviews the compensation of executive officers for the past financial year and determines the compensation for the ensuing year.

1. Executive Compensation

A. Compensation Discussion & Analysis

Objectives of the Compensation Program

To achieve its business plan, the Company requires a strong and capable executive team. This justifies the need for an executive program that will attract, retain, motivate and reward its executive officers. The Company is committed to a compensation policy that is competitive and drives business performance.

What the Compensation Program is Designed to Reward

The compensation program of the Company (the "**Compensation Program**") is designed to reward the executive officers for implementing strategies, both in the short and the long term, to realize the business plan of the Company to advance its drug development and commercialization programs. It is also designed to enhance its share value and, thereby, create economic value.

The Compensation Program provides reasonable and competitive total executive compensation. Remuneration and incentive components are established to compete with remuneration practices of similar companies that are involved in the biopharmaceutical and pharmaceutical industries.

To establish base salary and bonus compensation levels, the Company generally studies, among other things, the competitive market environment and reviews information published in the Rx & D Compensation Survey and the proxy circulars of other publicly listed biotechnology companies whose stage of development and market capitalization are similar or more advanced than those of the Company. The Compensation Committee also takes into consideration the financial needs of the Company, its business plan and the Company's annual corporate objectives before determining the Company's own Compensation Program.

At the beginning of the financial year 2009, the Compensation Committee met to determine the base salary of each executive officer. In order to set the base salary of its executive officers for that financial year, the Compensation Committee considered publicly available economic data regarding the variation of the Consumer Price Index and publicly available data regarding forecasted salary percentage increase for that year. The Compensation Committee also considered the importance of the objectives to be attained by the executive officers and the Company during that year. No independent third-party report was prepared. However, at the end of the financial year 2009, the Compensation Committee retained the services of Towers Perrin, an independent third-party

consulting firm, to conduct an annual comparative analysis of the compensation paid to its executive officers against the compensation paid to executive officers in various companies. Towers Perrin's analysis was based on a reference market of the following 19 companies (the "**Benchmarked Companies**"):

- AEterna Zentaris Inc.
- Angiotech Pharmaceuticals Inc.
- AstraZeneca Canada Inc.
- Bayer Inc.
- Beckman Coulter Canada Inc.
- Biogen Idec Canada Inc.
- BioMS Medical Corp.
- Cardiome Pharma Corp.
- Eli Lilly Canada Inc.
- Hoffman — La Roche Limited
- Labopharm Inc.
- Life Technologies Corporation
- MDS Inc.
- Methylgene Inc.
- Bellus Health Inc.
- Patheon Inc.
- QLT Inc.
- Sanofi Pasteur Limited
- Transition Therapeutics Inc.

The Benchmarked Companies were reviewed and agreed to by the Compensation Committee.

Overall, Towers Perrin's report concluded that the aggregate compensation paid to the Named Executive Officers (as defined below) of the Company was below the median and, in certain circumstances, at the median of the aggregate compensation paid by the Benchmarked Companies to individuals holding the same position as those of the Named Executive Officers.

Decision-Making Process

The proposed annual compensation for each of the executive officers, other than for the President and Chief Executive Officer, is presented by the President and Chief Executive Officer to the Compensation Committee and reviewed by the Compensation Committee. The compensation for the President and Chief Executive Officer is determined by the Compensation Committee. The Compensation Committee reports and makes a recommendation to the Board of Directors on the proposed compensation of executive officers. The Board of Directors approves grants of options if, upon the recommendation of the Compensation Committee, it deems it advisable.

Elements of Compensation Program

The major elements of the Company's executive Compensation Program are base salary, short-term performance reward program that takes the form of cash bonuses, and long-term incentives through the granting of stock options. All proposed changes to any compensation component of an executive officer are first reviewed internally by the President and Chief Executive Officer and the Senior Executive Vice President and Chief Financial Officer. The proposed changes are then presented to the Compensation Committee.

Base Salary

Base salaries for each of the executive officers are based on the experience, expertise and competencies of each executive officer. In reference to the Benchmarked Companies used for comparison, the salaries of the Named Executive Officers and other executive officers are generally at the median (50th percentile). However, the Compensation Committee has no firm policy on setting the base salary at the median and, accordingly, base salaries may be set below or above the median.

Performance Reward Program

The short-term performance reward program is designed to recognize the contribution of each executive officer in helping the Company to attain its corporate objectives and to increase its value. Bonuses are granted if the annual corporate objectives are met by the Company and in accordance with the individual performance and the results achieved or surpassed by such individual in connection with such corporate objectives. When and if the Company generates significant revenues from the sale of his products, financial criteria will also be factored into the determination of this program.

The target bonus payment for each of the President and Chief Executive Officer and the Senior Executive Vice President and Chief Financial Officer is set at 50% of their respective base salary. For the other three Named Executive Officers, the target bonus payment is set at 33 1/3 % of their respective base salary. These target bonus payments are at the 75th percentile when compared against the Benchmarked Companies, except for the target bonus payment of the President and Chief Executive Officer which is at the median.

For the year ended November 30, 2009, the Company's principal objective was to file a complete New Drug Application to the Food and Drug Administration in the United States and to file it by the end of the second quarter. The second corporate objective of the Company consisted in organizing working committees with our commercial partner in the United States for the preparation of the commercialization of tesamorelin in such country further to the execution of our collaboration and licensing agreement with EMD Serono, Inc. at the beginning of our fiscal year 2009. The third corporate objective of the Company was related to the negotiations of supply agreements with third-party service providers to ensure that the Company would have the manufacturing capacity to supply tesamorelin to its commercial partner in the United States for commercial sale in this country. The fourth corporate objective of the Company consisted in exploring the potential of tesamorelin to be approved in countries other than the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy while seeking partners to commercialize tesamorelin in those countries. The fifth corporate objective of the Company consisted in pursuing the evaluation of other clinical programs in which tesamorelin could be developed. Finally, the last objective was to meet each of these objectives in a cost-efficient manner to conserve the Company's cash position and to manage its burn rate.

The objectives of the Named Executive Officers were aligned with those of the Company. The Compensation Committee did not mathematically weight the objectives of the Company against each other and the objectives of the Named Executive Officers against those of the Company in determining the compensation of the Named Executive Officers for the last financial year. The Compensation Committee rather considered all objectives with the attainment of the first corporate objective as being the most relevant one in order to set the compensation of the Named Executive Officers for the last financial year.

Long-Term Incentive Program

The Company's long-term incentive program is composed of its share option plan (the "**Share Option Plan**") which was originally adopted on December 6, 1993, and subsequently amended from time to time, in order to attract, retain, motivate employees in key positions and align their interests with those of the Company's shareholders by allowing optionees to participate in the increased value of the Common Shares. The Company has no share-based award. The Company has a share purchase plan but the share purchase plan is available to all employees of the Company and the decision to subscribe for Common Shares under this plan rests with each employee. For a description of the share purchase plan, see "Other Information — Description of the Share Purchase Plan" below.

The number of options granted is determined on the basis of the position of each executive officer, the attainment of corporate objectives and the value of the options at the time of grant as part of the total compensation of an executive officer. When assessing whether options should be granted to an executive officer, the Compensation Committee also factors in the number of options held by an executive officer, their vesting periods, expiry dates and exercise prices. When compared against the value of options granted by the Benchmarked Companies to individuals holding the same positions as those of the Named Executive Officers, the estimated annualized value of the options granted by the Company during the last five (5) years to its Named Executive Officers is below and, in certain circumstances, at the median.

Description of the Share Option Plan

A maximum of 5,000,000 Common Shares have been reserved for stock option grants under the Share Option Plan, of which, as at the date of the Circular, 999,001 options remain available for issuance.

The Board of Directors administers the Share Option Plan. The Board of Directors designates the optionees and determines the number of Common Shares underlying these options, the vesting period, the exercise price and the expiry date of each option, as well as all other related matters, the whole in compliance with the terms of the Share Option Plan and applicable legislative provisions established by the securities regulatory authorities. Options granted to executive officers generally vest as to 33 1/3% on each year starting twelve (12) months after the date of grant. The Board of Directors can modify or terminate the Share Option Plan subject to compliance with the rules set forth by regulatory authorities. However, certain amendments require the approval of a majority of the voting shareholders of the Company.

Unless otherwise determined by the Board of Directors, the options granted pursuant to the Share Option Plan may be exercised within a maximum period of ten (10) years following their date of grant, unless the optionee's employment is terminated, other than for death, in which case the optionee's unexercised vested options, if any, may be exercised within a period of one hundred eighty (180) days following the date of the employee's termination. In the event of the death of an optionee prior to the expiry date of his options, the optionee's legal personal representative may exercise the optionee's unexercised vested options within twelve (12) months after the date of the optionee's death. The options granted in accordance with the Share Option Plan cannot be transferred or assigned.

The exercise price at which the options may be granted pursuant to the Share Option Plan cannot be less than the closing price of the Common Shares on the TSX on the day preceding the date of grant of the options.

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

During the financial year ended November 30, 2009, the Company granted options under the Share Option Plan providing for the purchase of 680,500 Common Shares. From December 1, 2009 to February 22, 2010, the Company granted 265,000 options under the Share Option Plan, 155,000 of which were granted to the Named Executive Officers as part of their compensation for the last financial year ended November 30, 2009.

The following table sets forth the information regarding the equity compensation plan of the Company as at November 30, 2009.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (% of Issued and Outstanding Share Capital)	Weighted-average Exercise Price of Outstanding Option	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plan
Equity Compensation Plan Approved by Shareholders	2,665,800 (4.41%)	$ 5.20	1,244,834
Equity Compensation Plans Not Approved by Shareholders	—	—	—
Total	2,665,800	$ 5.20	1,244,834

B. Summary Compensation Table

The summary compensation table below details compensation for the financial year ended November 30, 2009 for each of the President and Chief Executive Officer, the Senior Executive Vice President and Chief Financial Officer, and the three other most highly compensated executive officers of the Company (collectively the "**Named Executive Officers**") for services rendered in all capacities.

Name and principal position	Year	Salary ($)	Share-based awards ($)	Option-based awards(1) (2) ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compen-sation(13) ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Yves Rosconi President and Chief Executive Officer	2009	426,635	—	80,820(3)	225,000(8)	—	—	—	732,455
Luc Tanguay Senior Executive Vice President and Chief Financial Officer	2009	353,354	—	67,350(4)	176,000(9)	—	—	—	596,704
Christian Marsolais Vice President, Clinical Research and Medical Affairs	2009	220,846	—	156,040(5)	100,000(10)	—	—	—	476,886
Martine Ortega Vice President, Compliance and Regulatory Affairs	2009	215,827	—	125,165(6)	110,000(11)	—	—	—	450,992
Jocelyn Lafond Vice President, Legal Affairs, and Corporate Secretary	2009	200,769	—	142,570(7)	66,000(12)	—	—	—	409,339

(1) The value of the awards is comprised of two grants that occurred during the last financial year. The first grant was made on December 18, 2008 (the **December 2008 Grant**") and the second occurred on December 8, 2009 (the "**December 2009 Grant**"). Only the value of the options received by Ms. Ortega, Mr. Marsolais and Mr. Lafond as part of the December 2008 Grant and resulting as compensation for the financial year ended November 30, 2009 has been included in this table. The value of the option-based awards was calculated using the Black-Scholes-Merton model using the following assumptions:

(a) December 2008 Grant:

(i) Risk-free interest rate: 1.79%;

(ii) Expected volatility in the market price of the Common Shares: 79.33%;

(iii) Expected dividend yield: 0%; and

(iv) Expected life: 6 years.

Fair value per option: $1.235.

(b) December 2009 Grant:

(i) Risk-free interest rate: 2.46%;

(ii) Expected volatility in the market price of the Common Shares: 80.96%;

(iii) Expected dividend yield: 0%; and

(iv) Expected life: 6 years.

Fair value per option: $2.694

(2) The options granted as part of the December 2008 Grant vest over a three (3) year period as to 33 1/3% beginning December 18, 2009. The options granted as part of the December 2009 Grant vest over a three (3) year period as to 33 1/3% beginning on December 8, 2010.

(3) Mr. Rosconi was granted 30,000 options as part of the December 2009 Grant.

(4) Mr. Tanguay was granted 25,000 options as part of the December 2009 Grant.

(5) Mr. Marsolais was granted 35,000 options as part of the December 2009 Grant. Mr. Marsolais was also granted 50,000 options as part of the December 2008 Grant, of which 25,000 were granted pursuant to the terms of his employment agreement and 25,000 were granted further to his appointment as Vice President in August 2007. Subject to Mr. Marsolais being employed by the Company, these 50,000 options were scheduled to be granted in the financial year 2008. However, as a result of the strategic review process that was ongoing during this financial year, the Board of Directors decided to defer the grant of those options until completion of the strategic review process.

(6) Ms. Ortega was granted 35,000 options as part of the December 2009 Grant. Ms. Ortega was also granted 25,000 options as part of the December 2008 Grant further to her appointment as Vice President in August 2007. Subject to Ms. Ortega being employed by the Company, these 25,000 options were scheduled to be granted in the financial year 2008. However, as a result of the strategic review process that was ongoing during this financial year, the Board of Directors decided to defer the grant of those options until completion of the strategic review process.

(7) Mr. Lafond was granted 30,000 options as part of the December 2009 Grant. Mr. Lafond was also granted 50,000 options as part of the December 2008 Grant, of which 25,000 were granted pursuant to the terms of his employment agreement and 25,000 were granted further to his appointment as Vice President in August 2007. Subject to Mr. Lafond being employed by the Company, these 50,000 options were scheduled to be granted in the financial year 2008. However, as a result of the strategic review process that was ongoing during this financial year, the Board of Directors decided to defer the grant of those options until completion of the strategic review process.

(8) The amount received by Mr. Rosconi represents 106% of his targeted bonus ($212,873). As President and Chief Executive Officer of the Company, Mr. Rosconi's objectives were aligned with the Company's objectives. The Compensation Committee determined that he had exceeded his objectives by leading the scientific and regulatory teams in filing a New Drug Application to the Food and Drug Administration in the United States before the end of the second quarter.

(9) The amount received by Mr. Tanguay represents 100% of his targeted bonus ($176,000). As Senior Executive Vice President and Chief Financial Officer of the Company, Mr. Tanguay's objectives were aligned with those of the Company and included (i) managing the Company's liquidities to ensure the corporate objectives would be attained in a cost-efficient manner and according to the annual budget; (ii) supervising the negotiation of supply agreements with third parties for the manufacture of tesamorelin on a commercial scale; (iii) overseeing the internal controls and process of the Company for compliance with securities regulation; (iv) supervising the process regarding the preparation of the Company to the new IFRS accounting rules; and (v) overseeing the investors' relations programme.

(10) The amount received by Mr. Marsolais represents 135% of his targeted bonus ($73,615). As Vice President, Clinical Research and Medical Affairs, of the Company, Mr. Marsolais's objective were aligned with those of the Company and consisted in the preparation and completion of the New Drug Application to be filed with the Food and Drug Administration of the United States.

(11) The amount received by Ms. Ortega represents 153% of her targeted bonus ($71,942). As Vice President, Compliance and Regulatory Affairs, of the Company, Ms. Ortega's objectives were aligned with those of the Company and included (i) leading the preparation of the New Drug Application to ensure compliance with the *Federal Food, Drug, and Cosmetic Act* (United States); and (ii) managing the filing process of the New Drug Application with the Food and Drug Administration in the United States.

(12) The amount received by Mr. Lafond represents 99% of his targeted bonus ($66,922). As Vice President, Legal Affairs, and Corporate Secretary, of the Company, Mr. Lafond's objectives were aligned with those of the Company. The main objective of Mr. Lafond consists in overseeing the legal needs of the Company. In addition, the Compensation Committee determined that he had achieved the following objectives (i) overseeing the anti-trust issues regarding the execution of the collaboration and licensing agreement with EMD Serono, Inc.; (ii) assisting with the negotiations of the supply agreements to manufacture tesamorelin on a commercial scale; and (iii) supporting the legal needs of both the clinical research and regulatory teams.

(13) Perquisites for each Named Executive Officer have not been included as they do not reach the prescribed threshold of the lesser of $50,000 and 10% of each of the respective Named Executive Officer's salary for the last financial year.

C. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The table below details the outstanding option-based awards and share-based awards as at November 30, 2009 for each of the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration Date	Value of unexercised in-the-money options (1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Yves Rosconi	133,334	2.61	2014.10.01	90,667	—	—
President and	133,334	1.24	2015.10.01	273,335		
Chief Executive Officer	25,000	8.23	2017.01.12	—		
	25,000	1.80	2018.12.18	37,250		
Luc Tanguay	200,000	10.40	2011.10.30	—	—	—
Senior Executive	200,000	8.00	2012.10.30	—		
Vice President and	125,000	1.94	2016.02.08	168,750		
Chief Financial Officer	25,000	8.23	2017.01.12	—		
	20,000	1.80	2018.12.18	29,800		
Christian Marsolais	25,000	11.48	2017.07.11	—	—	—
Vice President,	25,000	10.60	2017.08.06	—		
Clinical Research	1,000	8.50	2018.01.30	—		
and Medical Affairs	65,000	1.80	2018.12.18	96,850		
Martine Ortega	25,000	1.42	2016.07.06	46,750	—	—
Vice President,	10,000	8.23	2017.01.12	—		
Compliance and	25,000	11.48	2017.07.11	—		
Regulatory Affairs	25,000	10.60	2017.08.06	—		
	1,000	8.50	2018.01.30	—		
	40,000	1.80	2018.12.18	59,600		
Jocelyn Lafond	25,000	8.29	2017.03.29	—	—	—
Vice President,	25,000	10.60	2017.08.06	—		
Legal Affairs,	65,000	1.80	2018.12.18	96,850		
and Corporate Secretary						

(1) The value of unexercised in-the-money options at financial year end is the difference between the closing price of the Common Shares on November 30, 2009 ($3.29) on the TSX and the respective exercise prices of the options. The value shown in this table does not represent the actual value that a Named Executive Officer would have received if the options had been exercised as at November 30, 2009 since some of these options were not fully vested as of that date and, therefore, were not exercisable.

Incentive Plan Awards — Value vested or earned during the year

The table below shows the value vested or earned during the year under each incentive plan as at November 30, 2009 for each of the Named Executive Officers.

Name	Option-based awards Value vested during the year(1) ($)	Share-based awards Value vested during the year ($)	Non-equity incentive plan compensation Value earned during the year ($)
Yves Rosconi President and Chief Executive Officer	—	—	225,000
Luc Tanguay Senior Executive Vice President and Chief Financial Officer	—	—	176,000
Christian Marsolais Vice President, Clinical Research and Medical Affairs	—	—	100,000
Martine Ortega Vice President, Compliance and Regulatory Affairs	7,167(2)	—	110,000
Jocelyn Lafond Vice President, Legal Affairs, and Corporate Secretary	—	—	66,000

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options on that date.

(2) 8,334 options having an exercise price of $1.42 vested on July 6, 2009. On that date, the closing price of the Common Shares on the TSX was $2.28.

D. Termination and Change of Control Provisions

Below is a summary of the employment agreements of each of the Named Executive Officers together with a table detailing the value of the severance payment that would be payable by the Company to each Named Executive Officer pursuant to his employment agreement if one of the events described in the table had occurred on November 30, 2009.

Yves Rosconi

President and Chief Executive Officer

On October 21, 2004, the Company entered into an employment agreement for an indeterminate term with Mr. Yves Rosconi. In addition to his base salary, Mr. Rosconi is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the Company's Board of Directors. Mr. Rosconi was also entitled to stock options, which have all been granted. These options vested over a three-year period from the date of grant. Under the terms of the agreement, Mr. Rosconi agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Company. If the Company terminates Mr. Rosconi's employment without just and sufficient cause, he will receive an

amount equal to twelve (12) months of compensation (including bonus — based on the last granted — and the value of the Company's benefits to which he was then entitled). The payment of this amount will be the sole monetary obligation of the Company. Furthermore, in the event of a "Change of Control" (as defined below), his employment agreement provides for an indemnity equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Company's benefits to which he was then entitled) if Mr. Rosconi's employment is terminated by the Company, and twelve (12) months if Mr. Rosconi resigns on his own free will. In Mr. Rosconi's agreement, a "Change of Control" is defined as a successful take-over bid, as such term is defined in the *Securities Act* (Québec).

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	364,002
Termination of Employment without Just Cause (2)	678,535(4)	364,002
Termination of Employment in the event of a Change of Control (3)	1,357,070(4)	401,252
Voluntary Resignation in the event of a Change of Control (3)	678,535(4)	401,252
Voluntary Resignation (2)	—	364,002

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) and the respective exercise price of each vested option as at November 30, 2009.

(2) Under the Share Option plan, the termination of a person's employment with the Company entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) would be exercised.

(4) As at November 30, 2009, the last bonus paid to Mr. Rosconi was the bonus he received for the financial year 2008 which amounted to $230,000.

Luc Tanguay

Senior Executive Vice President and Chief Financial Officer

The Company entered into an employment agreement for an indeterminate term with Mr. Luc Tanguay on October 30, 2001. His agreement was subsequently amended on May 9, 2002, June 7, 2004 and February 8, 2006. In addition to his base salary, Mr. Tanguay is entitled to the Company's benefits program and is eligible to receive an annual bonus based on the attainment of annual objectives. Mr. Tanguay was also entitled to stock options, which have all been granted. Under the terms of the agreement, Mr. Tanguay agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Company. If the Company terminates the employment of Mr. Tanguay without just and sufficient cause, he will receive an amount equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Company's benefits to which he was then entitled). The payment of this amount will be the sole monetary obligation of the Company. In addition, in the event the employment of Mr. Tanguay is terminated for any reason, including death, he will be entitled to exercise his stock options over a 24-month period, subject to the prior expiry of his stock

options in accordance with their terms. Furthermore, in the event of a "Change of Control" (as defined below), his employment agreement provides for an indemnity equal to twenty-four (24) months of compensation (including bonus — based on the last granted — and the value of the Company's benefits to which he was then entitled) if Mr. Tanguay's employment is terminated by the Company, and twelve (12) months if Mr. Tanguay resigns on his own free will. In Mr. Tanguay's agreement, a "Change of Control" is defined as a successful take-over bid, as such term is defined in the *Securities Act* (Québec).

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	168,750
Termination of Employment without Just Cause (2)	1,140,508(4)	168,750
Termination of Employment in the event of a Change of Control (3)	1,140,508(4)	198,550
Voluntary Resignation in the event of a Change of Control (3)	570,254(4)	198,550
Voluntary Resignation (2)	—	168,750

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) and the respective exercise price of each vested option as at November 30, 2009.

(2) Under the Share Option plan, the termination of a person's employment with the Company entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) would be exercised.

(4) As at November 30, 2009, the last bonus paid to Mr. Tanguay was the bonus he received for the financial year 2008 which amounted to $195,000.

Christian Marsolais

Vice President, Clinical Research and Medical Affairs

The Company entered into an employment agreement for an indeterminate term with Mr. Christian Marsolais on April 13, 2007. In addition to his base salary, Mr. Marsolais is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Mr. Marsolais was also entitled to stock options, which have all been granted. These stock options vest over a three-year period from the date of grant. Under the terms of the agreement, Mr. Marsolais agreed to non-competition, non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Company. If the Company terminates Mr. Marsolais' employment without just and sufficient cause, he will receive an amount equal to nine (9) months of his annual base salary. The payment of this amount will be the sole monetary obligation of the Company.

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	—
Termination of Employment without Just Cause (2)	165,634	—
Termination of Employment in the event of a Change of Control (3)	165,634	96,850
Voluntary Resignation in the event of a Change of Control (3)	—	96,850
Voluntary Resignation (2)	—	—

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) and the respective exercise price of each vested option as at November 30, 2009.

(2) Under the Share Option plan, the termination of a person's employment with the Company entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) would be exercised.

Martine Ortega

Vice President, Compliance and Regulatory Affairs

The Company entered into an employment agreement for an indeterminate term with Ms. Martine Ortega on May 11, 2006. In addition to her base salary, Ms. Ortega is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the President and Chief Executive Officer. Ms. Ortega was also entitled to stock options, which have all been granted. These stock options vest over a three-year period from the date of grant. Under the terms of the agreement, Ms. Ortega agreed to non-solicitation, non-disclosure and assignment of intellectual property provisions in favour of the Company. If the Company terminates Ms. Ortega's employment without just and sufficient cause, she will receive an amount equal to nine (9) months of her annual base salary, if her termination occurs: (i) in the context of an internal reorganization of the Company or (ii) within two (2) years from the date there occurs a "Change of Control" (as defined below) of the Company. The payment of this amount will be the sole monetary obligation of the Company. In Ms. Ortega's agreement, a "Change of Control" is defined as a transaction resulting in the liquidation or winding-up of the Company, delisting of the Company's Common Shares on a stock exchange, the acquisition by a third party of the control of the Company, the sale of all or substantially all of the assets of the Company or the privatization or a merger of the Company.

Events	Severance ($)	Value of Stock Options (1) ($)
Retirement (2)	—	46,750
Termination of Employment without Just Cause (2)	161,870	46,750
Termination of Employment in the event of a Change of Control (3)	161,870	106,350
Voluntary Resignation in the event of a Change of Control (3)	—	106,350
Voluntary Resignation (2)	—	46,750

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) and the respective exercise price of each vested option as at November 30, 2009.

(2) Under the Share Option plan, the termination of a person's employment with the Company entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) would be exercised.

Jocelyn Lafond

Vice President, Legal Affairs, and Corporate Secretary

The Company entered into an employment agreement for an indeterminate term with Mr. Jocelyn Lafond on March 27, 2007. In addition to his base salary, Mr. Lafond is entitled to the Company's benefits program and is eligible to receive an annual bonus based on attainment of objectives set annually by the Senior Executive Vice President and Chief Financial Officer. Mr. Lafond was also entitled to stock options, which have all been granted. These stock options vest over a three-year period from the date of grant. Under the terms of the agreement, Mr. Lafond agreed to non-disclosure and assignment of intellectual property provisions in favour of the Company. If the Company terminates Mr. Lafond's employment without just and sufficient cause, he will receive an amount equal to 12 months of his annual base salary. The payment of this amount will be the sole monetary obligation of the Company. Furthermore, in the event of a "Change of Control", his employment agreement provides for an indemnity equal to 12 months of his annual base salary if his employment is terminated or if he resigns of his own free will within 24 months from such "Change of Control". In Mr. Lafond's agreement, a "Change of Control" is defined as a take-over bid, as such term is defined in the *Securities Act* (Québec), and as any transaction pursuant to which a person acquires the control of the Company.

Events	Severance ($)	Value of Stock Options(1) ($)
Retirement (2)	—	—
Termination of Employment without Just Cause (2)	200,769	—
Termination of Employment in the event of a Change of Control (3)	200,769	96,850
Voluntary Resignation in the event of a Change of Control (3)	200,769	96,850
Voluntary Resignation (2)	—	—

(1) The value assumes that upon the occurrence of an event, all vested options would be exercised. The value is the difference between the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) and the respective exercise price of each vested option as at November 30, 2009.

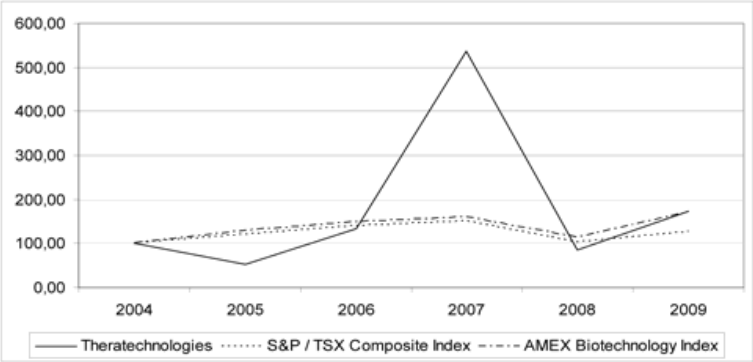
(2) Under the Share Option plan, the termination of a person's employment with the Company entitles him to exercise his vested options over a six-month period after the termination date.

(3) Given the different definitions of "Change of Control" used in the employment agreements of the Named Executive Officers, in computing the value of the stock options in the event of a Change of Control, the Company assumed that all unvested options would vest as per the terms of Section 5.5 of its Share Option Plan and that all vested options having an exercise price lower than the closing price of the Common Shares on November 30, 2009 on the TSX ($3.29) would be exercised.

E. Performance Graph

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

Return on a $100 Investment
from November 30, 2004 to November 30, 2009



	2004	2005	2006	2007	2008	2009
Theratechnologies	100,00	53,44	133,33	537,04	85,19	174,07
S&P / TSX Composite Index	100,00	119,87	141,22	151,60	102,66	126,77
AMEX Biotechnology Index	100,00	129,84	148,42	159,78	114,91	171,25

The trend shown in the above performance graph indicates that, as at November 30 of each of the 2005, 2006, 2007, 2008 and 2009 year, the annual total shareholder return on a $100 investment in the Common Shares of the Company was above the S&P and approximately the same as the AMEX Biotech. The base salaries of the Named Executives Officers were not linked to the trend regarding the annual total shareholder return over the last five years. For the same period, shareholder return was one of the parameters taken into consideration in establishing the value of the short-term performance reward for the Named Executive Officers.

F. Other Information

Description of the Share Purchase Plan

On February 16, 1999, the Board of Directors adopted a common share purchase plan (the "**Share Purchase Plan**"). The Share Purchase Plan was thereafter amended from time to time and, more recently, by the Board of Directors on February 24, 2009. The last amendments to the Share Purchase Plan were approved by the shareholders on March 26, 2009 at the Company's last annual and special meeting of shareholders.

The Share Purchase Plan entitles full-time and part-time employees of the Company who, on a Participation Date (as defined below), are residents of Canada, are not under a probationary period and do not hold, directly or indirectly, five percent (5%) or more of the Company's outstanding Common Shares, to directly subscribe for Common Shares of the Company. The Share Purchase Plan provides that a maximum of 550,000 Common Shares (0.91% of the issued and outstanding Common Shares as at January 31, 2010) may be offered to employees. During the fiscal year ended November 30, 2009, the Company issued 34,466 Common Shares under the Share Purchase Plan (0.06% of the issued and outstanding Common Shares as at January 31, 2010). As at the date of the Circular, 210,186 Common Shares remain available for issuance.

On May 1st and November 1st of each year (the "**Participation Dates**"), an employee may subscribe for a number of Common Shares under the Share Purchase Plan for an amount that does not exceed during such year 10% of his annual gross salary during said year. Under the Share Purchase Plan, the Board of Directors has the authority to suspend, differ or determine that no subscription of Common Shares will be allowed on a Participation Date if it is in the best interest of the Company.

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

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

At the election of an employee, the subscription price for Common Shares may be paid in cash or through an interest-free loan provided by the Company. The loans provided by the Company under the Share Purchase Plan may be repayable by equal withholdings from a participant's salary for a period not exceeding two (2) years. All loans may be prepaid at all times. The loans granted to any employee at any time must not exceed 10% of his current annual gross salary. All Common Shares subscribed for through an interest-free loan are hypothecated to secure the full and final repayment of the loan and are held by the trustee, Computershare, until such full repayment. Loans are immediately due and repayable upon the occurrence of one of the following events: (i) the termination of the employment of an employee; (ii) the sale or seizure of the Common Shares being subject to a hypothec; (iii) the bankruptcy or insolvency of an employee; or (iv) the suspension of the payment of an employee's salary or the revocation of his right to salary withholdings.

Shareholder approval is not required for all amendments to the Share Purchase Plan. For example, the Board of Directors may, without shareholder approval, make certain amendments of the following nature to the Share Purchase Plan such as: (i) formal minor or technical amendments to any provision of the Share Purchase Plan; (ii) corrections to any provision of the Share Purchase Plan containing an ambiguity, defect, error or omission; or (iii) changes that do not require shareholder approval as hereafter described. However, the following amendments require the approval by a majority of the shareholders present at a duly called shareholders' meeting:

(a) any extension of the term of the Share Purchase Plan;

(b) any increase in the number of Common Shares reserved for issuance under the Share Purchase Plan;

(c) any increase in the number of Common Shares that may be purchased annually by an employee;

(d) any change in the formula to determine the subscription price of Common Shares; and

(e) any increase in the amount an employee is authorized to borrow from the Company to purchase Common Shares under the Share Purchase Plan.

Indebtedness of Executive Officers

As at the date of the Circular, none of the executive officers was indebted to the Company, other than for "Routine Indebtedness" (as defined in *Regulation 51-102 respecting Continuous Disclosure Obligations* (Québec)). During the financial year ended on November 30, 2009, none of the executive officers of the Company was indebted to the Company, other than for "Routine Indebtedness".

2. Director Compensation

A. Determination of Director Compensation

The Company has adopted a compensation policy for its directors who are not employed on a full-time basis by the Company under which they are paid an annual retainer fee as well as attendance fees. In addition, the Company reimburses the reasonable expenses incurred by each director to attend meetings of the board or meetings of committees. In January 2008, the Compensation Committee met and reassessed the compensation paid to all board members, committee members and to the chairs of each committee. The last assessment of the compensation paid to individuals acting as board members, committee members and chairs of such committees had occurred in 2004. The assessment was based on a review of public documents filed by Canadian companies listed on the TSX or NASDAQ market. Criteriae such as fields of operation, market

capitalization, number of employees, stage of development, where applicable, and level of revenue were taken into consideration by the Compensation Committee in reviewing in 2008 the compensation paid to board members, committee members and to chairs of each committee. Based on the recommendation of the Compensation Committee, effective January 1, 2008, the Board of Directors approved the compensation described in the table below for individuals who are not employees of the Company who act as board members, committee members and chairs of those committees.

Position at Board Level or Committee Level	Compensation
Annual Retainer to Chair of the Board	$ 100,000
Annual Retainer to Board Members	$ 20,000
Annual Grant of Options (1)	10,000(2)
Attendance Fees Paid for Each Meeting of the Board of Directors	
- in person	$ 2,000
- by conference call	$ 1,200
Annual Retainer to Chair of the Audit Committee	$ 10,000
Annual Retainer to Chair of each Committee (other than the Audit Committee)	$ 6,000
Annual Retainer to Committee Members	$ 4,000
Attendance Fees Paid for Each Meeting of a Committee(3)	
- in person	$ 1,500
- by conference call	$ 1,200

(1) Options are usually granted at the board meeting following the annual meeting of shareholders.

(2) At the time of the 2008 review, the Compensation Committee had set the annual grant of options to each director at 10,000. However, as a result of the strategic review process that was ongoing, the Board of Directors decided that the number of options that each director was entitled to receive annually was to remain at 5,000. Further to the completion of the strategic review process, during the last financial year, the Board of Directors passed a resolution in order to change that number from 5,000 to 10,000.

(3) No attendance fee is paid for meetings of the Finance Committee.

B. Director Compensation Table

The following table details all components of the compensation provided to the directors of the Company in the last financial year and the value thereof.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards[2] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Gilles Cloutier	46,767	—	12,740	—	—	1,500[3]	61,007
A. Jean de Grandpré	62,300	—	12,740	—	—	—	75,040
Robert Goyer[1]	38,267	—	12,740	—	—	1,500[3]	52,507
Gérald A. Lacoste	58,200	—	12,740	—	—	—	70,940
Paul Pommier	179,200	—	12,740	—	—	—	191,940
Bernard Reculeau	39,400	—	12,740	—	—	—	52,140
Jean-Denis Talon	50,300	—	12,740	—	—	—	63,040

(1) The services of Mr. Goyer are provided to the Company by Clinipharm (1987) Inc. ("**Clinipharm**"), a company controlled by Mr. Goyer, and all cash compensation for the services of Mr. Goyer is paid to this entity. Based on information received from Clinipharm, Mr. Goyer received from Clinipharm the amount of $10,000 from December 1, 2008 to June 30, 2009. The fiscal year-end of Clinipharm is different from that of the Company and the amount to be received, if any, by Mr. Goyer for the period running from July 1, 2009 to November 30, 2009 is unknown. All options are granted to Mr. Goyer, personally.

(2) The value of the awards is comprised of one grant that occurred on March 28, 2009 (the "**March 2009 Grant**"). As part of the March 2009 Grant, each director was granted 10,000 options at an exercise price of $1.84. Each option has a ten-year term and vests on the date of grant. The terms and conditions of those options are governed by the Share Option Plan.

The value of the option-based awards was calculated using the Black-Scholes-Merton model using the following assumptions:

(i) Risk-free interest rate: 1.9%;

(ii) Expected volatility in the market price of the Common Shares: 80.27%;

(iii) Expected dividend yield: 0%; and

(iv) Expected life: 6 years.

Fair value per option: $1.274

The value of the awards does not include the 5,000 options that were granted as part of the December 2008 Grant since these options were granted as compensation for the financial year 2008. These 5,000 options were not granted in the financial year 2008 as a result of the strategic review process that was ongoing during that financial year. These 5,000 options were granted at an exercise price of $1.80, vested on the date of grant and have a ten-year term. The terms and conditions of those options are governed by the Share Option Plan.

(3) This amount was paid to each of Mr. Cloutier and Mr. Goyer, through Clinipharm in the latter case, for their *ad hoc* advice on certain clinical matters. Both Mr. Cloutier and Mr. Goyer were formerly on the scientific committee and used to receive an annual compensation of $2,000 each to act as such. However, for the financial year ended on November 30, 2009, the Board of Directors determined that it was in the best interests of the Company to abandon this committee and to compensate Mr. Cloutier and Mr. Goyer if, and when, their services are required with attendance fees similar to those paid to members of committees.

C. Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The table below details the outstanding option-based awards and the share-based awards as at November 30, 2009 for each of the directors.

	Option-Based Awards				Share-Based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Gilles Cloutier	5,000	5.40	2013.05.07	—	—	—
	5,000	3.68	2014.05.03	—		
	5,000	1.75	2015.05.06	7,700		
	5,000	1.86	2016.03.30	7,150		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		
A. Jean de Grandpré	5,000	8.65	2010.05.04	—	—	—
	5,000	11.80	2011.05.10	—		
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	—		
	5,000	3.68	2014.05.03	—		
	5,000	1.75	2015.05.06	7,700		
	5,000	1.86	2016.03.30	7,150		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		
Robert Goyer	5,000	1.75	2015.05.06	7,700	—	—
	5,000	1.86	2016.03.30	7,150		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		
Gérald A. Lacoste	5,000	1.86	2016.03.30	7,150	—	—
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		
Paul Pommier	5,000	8.65	2010.05.04	—	—	—
	5,000	11.80	2011.05.10	—		
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	—		
	5,000	3.68	2014.05.03	—		
	5,000	1.75	2015.05.06	7,700		
	5,000	1.86	2016.03.30	7,150		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		
Bernard Reculeau	5,000	1.86	2016.03.30	7,150	—	—
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		

Name	Option-Based Awards				Share-Based Awards	
	Number of securities underlying unexercised options (#)	Option exercice price ($)	Option expiration date	Value of unexercised in-the-money options(1) ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)
Jean-Denis Talon	5,000	11.80	2011.05.10	—	—	—
	5,000	10.55	2012.05.09	—		
	5,000	5.40	2013.05.07	—		
	5,000	3.68	2014.05.03	—		
	5,000	1.75	2015.05.06	7,700		
	5,000	1.86	2016.03.30	7,150		
	5,000	8.29	2017.03.29	—		
	5,000	1.80	2018.12.18	7,450		
	10,000	1.84	2019.03.28	14,500		

(1) The value of unexercised in-the-money options at financial year end is the difference between the closing price of the Common Shares on November 30, 2009 ($3.29) on the TSX and the respective exercise prices of the options.

Incentive Plan Awards — Value vested or earned during the year

The table below shows the value vested or earned during the year under each incentive plan as at November 30, 2009 for each of the directors.

Name	Option-based awards Value vested during the year(1) ($)	Share-based awards Value vested during the year ($)	Non-equity incentive plan compensation Value earned during the year ($)
Gilles Cloutier	—	—	—
A. Jean de Grandpré	—	—	—
Robert Goyer	—	—	—
Gérald A. Lacoste	—	—	—
Paul Pommier	—	—	—
Bernard Reculeau	—	—	—
Jean-Denis Talon	—	—	—

(1) The value is determined by assuming that the options vested during the financial year would have been exercised on the vesting date. The value corresponds to the difference between the closing price of the Common Shares on the TSX on the vesting date and the exercise price of the options on that date. Options granted to directors as part of the March 2009 Grant vested on their date of grant which was a day where the TSX was closed for business. No value was recorded for those options since their exercise price was equal to the closing price of the Common Shares on the day preceding the date of grant of the options.

D. Other Information

Indebtedness of Directors

As at the date of the Circular, none of the directors of the Company and proposed nominee for election as a director of the Company is indebted to the Company. During the financial year ended on November 30, 2009, none of the directors of the Company was indebted to the Company.

Liability Insurance of Directors and Officers

The Company purchases liability insurance for its directors and officers in the performance of their duties. These insurance policies also cover the directors and officers of the Company's subsidiaries. During the fiscal year ended November 30, 2009, the policies provided maximum coverage of $20,000,000 per claim, subject to a $200,000 deductible per occurrence. Premiums paid by the Company for the policies amounted to $109,000. The policies and the premiums do not distinguish between the insurance for the directors' liability and officers' liability, the coverage being the same for both groups.

ITEM III. CORPORATE GOVERNANCE DISCLOSURE

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

1. Board of Directors

A. Independence

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

Name	Independence	Material Relationship
Gilles Cloutier	Yes	None
A. Jean de Grandpré	Yes	None
Robert Goyer	Yes	None
Gérald A. Lacoste	Yes	None
Paul Pommier	Yes	None
Bernard Reculeau	Yes	None
Jean-Denis Talon	Yes	None
Luc Tanguay	No	Company Management
Yves Rosconi	No	Company Management

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

B. Meetings of the Board

The table below details the directors' attendances to the Board of Directors' meetings held in the fiscal year ended on November 30, 2009.

Name	Number of Meetings	Attendance	Absence
Gilles Cloutier	7	7	0
A. Jean de Grandpré	7	7	0
Robert Goyer	7	7	0
Gérald A. Lacoste	7	7	0
Paul Pommier	7	7	0
Bernard Reculeau	7	7	0
Jean-Denis Talon	7	7	0
Luc Tanguay	7	7	0
Yves Rosconi	7	7	0

A meeting of independent directors, at which non-independent directors and members of management are not in attendance, is planned as the last item of each Board meeting. Accordingly, at the conclusion of each Board meeting, the Chairman determines, along with the other independent directors, the relevance of meeting without non-independent directors and members of management. During the fiscal year ended November 30, 2009, independent directors held no meeting without non-independent directors and members of management.

C. Other Board Memberships

As detailed in the following table, only one of the Company's directors is a board member of an other reporting issuer.

Name	Reporting Issuer
Luc Tanguay	Ambrilia Biopharma Inc.

2. Mandate of the Board of Directors

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

Consistent with its mandate of identifying key business risks facing the Company and implementing systems to manage those risks, during the last financial year, the Board of Directors undertook to review the various risks faced by the Company. To that end, the Board of Directors delegated to the Audit Committee the responsibility of supervising the management team involved in this process. The process is two-pronged: first, it consists in identifying the most important risks and, second, it consists in reviewing and testing the measures in place to manage the identified risks or, alternatively, create measures if none is in place. During the last financial year, the first part of the review process was completed and, in the current financial year, the measures in place will be tested and, if need be, improved or created.

3. Position Descriptions

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

4. Orientation and Continuing Education

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

In the last financial year, the members of the Audit Committee attended a seminar organized by the Company's auditors, KPMG LLP, on the upcoming IFRS accounting rules. In addition, throughout the last financial year, the Company provided its directors with reading material covering topics in various fields, including biotechnology, corporate governance and executive compensation.

In the current financial year, directors will be invited to attend a seminar on Bill 63, the *Business Corporations Act* (Québec), the new act intended to replace the *Companies Act* (Québec).

5. Ethical Business Conduct

The Board of Directors has not adopted a written ethical business code of conduct for the Company's directors, executive officers and employees. However, it has a series of internal policies substantially covering the same issues as those found in a business code of conduct (confidentiality, harassment and whistleblowing). In addition, it encourages and promotes ethical business conduct that upholds integrity and fault prevention.

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

6. Nomination of Directors

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

7. Compensation

A. Independence

The Compensation Committee is responsible for examining matters relating to compensation of directors and executive officers on behalf of the Board of Directors. The Compensation Committee is comprised exclusively of independent directors. A detailed description of the procedure used by the Compensation Committee to establish compensation is provided under Item II of the Circular.

B. Meetings of the Compensation Committee

The table below details members' attendance to the Compensation Committee's meetings held in the financial year ended November 30, 2009.

Name	Number of Meetings	Attendance	Absence
A. Jean de Grandpré	2	2	0
Paul Pommier	2	2	0
Bernard Reculeau	2	2	0
Jean-Denis Talon	2	2	0

At each meeting of the Compensation Committee, its members meet without members of management.

8. Audit Committee

A. Independence

The Company has an audit committee comprised of three independent directors, namely Paul Pommier, who is the Chair, Gérald A. Lacoste and Jean-Denis Talon. Reference is made to section 4.2 of the Company's annual information form dated February 23, 2010 for a description of the Audit Committee.

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 Company's financial statements.

B. Meetings of the Audit Committee

The table below details members' attendance to the Audit Committee's meetings held in the financial year ended on November 30, 2009.

Name	Number of Meetings	Attendance	Absence
Gérald A. Lacoste	5	5	0
Paul Pommier	5	5	0
Jean-Denis Talon	5	5	0

A meeting of the members, at which members of management are not in attendance, is planned as the last item of each Audit Committee meeting when members of management are asked to attend Audit Committee meetings. Accordingly, at the conclusion of each Audit Committee meeting, the Chairman determines, along with the members, the relevance of meeting without members of management. During the last financial year ended November 30, 2009, members held one (1) meeting without members of management.

9. Other Committees

A. Financing Committee

In addition to the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee, the Board of Directors created a Financing Committee composed of two independent directors and two directors who are executive officers of the Company. The Financing Committee's mandate is to study and analyze financing matters. No meeting of the Financing Committee was held in the financial year ended November 30, 2009.

B. Strategic Committee

In August 2007, the Board of Directors created a Strategic Review Committee comprised of four (4) independent directors, namely Paul Pommier, who is the Chair, Gilles Cloutier, A. Jean de Grandpré and Gérald A. Lacoste. The mandate of the Strategic Review Committee consisted in reviewing potential strategic alternatives to enhance shareholder value such as the entering into of a co-promotion or a partnership agreement with regards to tesamorelin, the finding of a possible partner, acquiror or target business with a view to complete a merger, a sale or an acquisition. As a result of the announcement in October 2008 of the collaboration and licensing agreement entered into between the Company and EMD Serono, Inc., the mandate of the Strategic Review Committee was changed by the Board of Directors in December 2008 to assist executive officers and recommend to the Board of Directors a business strategy to further the growth of the Company.

The Strategic Review Committee currently has the following role and responsibilities:

- to evaluate and review the various business alternatives of the Company for enhancing shareholder value (the "**Strategic Alternatives**");
- to make recommendations to the Board of Directors with respect to the Strategic Alternatives and to undertake a process it considers appropriate in order to provide such recommendations;

- if one of the Strategic Alternatives is approved by the Board of Directors, to maintain, on behalf of the Board of Directors, a review of its implementation; and
- to perform any action deemed necessary or advisable to comply with its duties and obligations under applicable laws.

The table below details the members' attendance to the Strategic Committee's meetings held in the financial year ended on November 30, 2009.

Name	Number of Meetings	Attendance	Absence
Gilles Cloutier	5	4	1
A. Jean de Grandpré	5	5	0
Gérald A. Lacoste	5	5	0
Paul Pommier	5	5	0

A meeting of the members, at which members of management are not in attendance, is planned as the last item of each Strategic Committee meeting when members of management are asked to attend Strategic Committee meetings. Accordingly, at the conclusion of each Strategic Committee meeting, the Chairman determines, along with the members, the relevance of meeting without members of management. During the last financial year ended November 30, 2009, members held two (2) meetings without members of management.

10. Assessment

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

ITEM IV. OTHER INFORMATION

1. Additional Documentation

The Company is a reporting issuer in all Canadian provinces and is required to file its financial statements and Circular with each Canadian Securities Commission. Each year, the Company also files an Annual Information Form with such commissions. The financial information of the Company is provided in the Company's comparative financial statements and Management's Discussion & Analysis for its fiscal year ended November 30, 2009. Copies of the Company's financial statements, management proxy circular and Annual Information Form may be obtained on request to the Secretary of the Company at the following address: 2310 Alfred-Nobel Blvd, Montreal, Québec, H4S 2B4 or by consulting the SEDAR Website at www.sedar.com. The Company may require the payment of a reasonable fee if the request is made by someone other than a security holder of the Company, unless the Company is in the course of a distribution of its securities pursuant to a short-form prospectus, in which case these documents will be provided free of charge.

2. Approval by the Board Of Directors

The content and the sending of this Circular have been approved by the Board of Directors of the Company on February 22, 2010.

Montreal, Québec, February 23, 2010.

(signed) Jocelyn Lafond

Jocelyn Lafond
Corporate Secretary

APPENDIX A

RESOLUTION OF THE SHAREHOLDERS OF THERATECHNOLOGIES INC. (THE "COMPANY")

RESOLUTION 2010-1
SHAREHOLDER RIGHTS PLAN

BE IT RESOLVED:

1. That the shareholder rights plan adopted by the Board of Directors of the Company on February 10, 2010 be and is hereby approved;

2. That any director or officer of the Company be and is hereby authorized to execute and deliver such documents and instruments and to take such other actions as such director or officer may deem necessary or advisable to give effect to this resolution in his entire discretion, his determination being conclusively evidenced by the execution and delivery of such documents or instruments and the taking of such actions.

APPENDIX B

COMPENSATION COMMITTEE CHARTER

I. Mandate

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

A. compensation of Senior Management;

B. assessment of Senior Management;

C. compensation of Directors;

D. stock option grants;

E. overall increase in total compensation.

II. Obligations and Duties

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

A. Compensation of Senior Management

1. Develop a compensation policy for the Company's Senior Management, notably the Senior Management compensation structure, annual salary adjustments as well as the creation and administration of short and long term incentive plans, stock options, indirect advantages and benefits proposed by the President and Chief Executive Officer.

2. Review and establish all forms of compensation to Senior Management.

3. Oversee, as required, employment contracts and terminations of Senior Management, notably severance pay.

4. Oversee the Company's annual report on Senior Management compensation part of the Company's continuous disclosure requirements under applicable laws and regulations.

B. Assessment of Senior Management

1. Develop a written position description for the President and Chief Executive Officer.

2. Establish general objectives annually for the President and Chief Executive Officer of the Company and for other members of senior management.

3. Examine and review annually the President and Chief Executive Officer's performance against specific performance criteria pre-established by the Committee.

4. Examine, in collaboration with the President and Chief Executive Officer, the annual performance assessment of other senior managers.

C. Compensation of Directors

1. Recommend to the Board approval of the Director's Compensation Policy.

2. Examine the compensation of Directors in relation to the risks and duties of their position.

D. Stock Option Grants

1. Oversee, review as needed and recommend Board approval of the Company Share Option Plan.

2. The Committee may delegate, at its discretion, the plan's administration to members of the Company's Management and employees.

3. Examine, oversee and recommend Board approval of stock option grants, specifically:

   a. the people to whom options are granted;

   b. the number of options granted;

   c. the exercise price of the options;

   d. the exercise period of the options; and

   e. all other conditions relating to options granted.

4. Overall Increase in Total Compensation

   Approve annually the Company's increase in overall compensation.

III. External Advisors

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

IV. Composition of the Committee

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

V. Term of the Mandate

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

VI. Vacancy

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

VII. Chairman

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

VIII. Secretary

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

IX. Meeting Proceedings

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

X. Quorum and Vote

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

XI. Records

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

XII. Effective Date

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

APPENDIX C

MANDATE OF THE BOARD OF DIRECTORS

I. Role

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

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

II. Obligations and Responsibilities

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

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

A. Appointment, assessment, succession planning of Senior Management

1. Select and appoint the President and Chief Executive Officer of the Company.
2. Oversee the appointment of other members of Senior Management.
3. Ensure that the Company has a succession plan for the President and Chief Executive Officer.
4. Monitor the performance of the President and Chief Executive Officer and others Executive Officers, with respect to pre-established objectives.

B. Compensation of Directors

1. Establish the compensation of Directors.

C. Strategic Direction and Planning

1. Adopt the Company's strategic planning process.
2. Approve the Company's strategic plan and review Senior Management's performance in implementing the plan.

3. Review the strategic plan annually, taking into account opportunities and risks, and monitoring the Company's performance against the plan.
4. Review and approve the Company's annual plans towards financing the strategic plan.
5. Review and approve the Company's annual operating budget.
6. Identify key business risks facing the Company and the implementation of appropriate systems to manage these risks.
7. Discuss with Management how the strategic environment is changing and the key strategic issues.

D. Corporate Behaviour and Governance

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

E. Personal Behaviours

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

III. <u>External Advisors</u>

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

IV. Composition of the Board

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

V. Board Meeting Procedures

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

VI. Records

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

VII. Effective Date

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

APPENDIX D

DIRECTOR ORIENTATION AND CONTINUING EDUCATION POLICY

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

I. Purpose

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

II. Orientation of New Directors

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

A. Copies of Board meeting minutes and written resolutions since the beginning of the fiscal year (which may include those of the preceding fiscal year, depending of the date of appointment), including a copy of the minutes of the last annual meeting;

B. A schedule of Board Meetings for the year;

C. The disclosure policies et procedures and the "Undertaking" form (for signature);

D. The policy on insider trading in force at Theratechnologies (with mention to register as an insider with the Canadian securities agency through SEDI.ca and to prepare an initial insider report within ten (10) days following appointment);

E. Theratechnologies' Share Option Plan;

F. The latest annual report and accompanying information on Theratechnologies (fact sheet, latest press releases, latest annual information form and corporate presentation);

G. The Director Disclosure Form (to complete and return within afforded time);

H. The General By-Laws, the Board's written mandate, the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Charter; and

I. The Directors and Senior Management coverage and compensation.

III. Continuing Education

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

A. Management provides Directors, from time to time, with pertinent articles and books relating to the Company's business, its competitors, corporate governance and regulatory issues;

B. Key Company executives make regular presentations to the Board on business activities;

C. Certain consultants present to the Board on matters relevant to their role and duties. Consultants such as insurance brokers presenting on risks faced by the Company or consultants presenting a long-term strategy for the Company;

D. The Secretary offers Directors continuing education in the form of presentations on new legal and regulatory requirements that impact the Board.

IV. Review

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

APPENDIX E

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE CHARTER

I. Mandate

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

A. Recruit candidates for the Board;

B. Review the size of the Board;

C. Composition of the Board;

D. Function of the Board;

E. Orientation and education of Board members; and

F. Governance.

II. Obligations and Duties

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

A. Recruit Candidates for the Board

1. Identify potential candidates as members of the Company's Board of Directors. In so doing, the Committee will consider:

   a. independence of candidates under the terms of National Policy 58-201 on corporate governance;

   b. the competencies, skills and personal characteristics sought in candidates. The Committee will determine what it considers necessary by assessing competencies, skills and personal characteristics of the candidates in relation to: (1) those generally required by the Board; (2) those already present in other Board members; and (3) those which are a welcome addition; and

   c. the availability of candidates.

2. All Board members may submit to the Committee potential candidates for membership, and the Committee shall review such candidates in light of above described competencies and skills desirable for the Board.

3. The Committee shall proceed as follows for the recruitment of candidates:

a. as it is determined by the Committee and the Board of Directors that Board vacancies must be filled or new members are desirable, the Chairman of the Board of Directors shall make contact with candidates that have been identified by the Committee per the above described criteria;

b. upon a positive evaluation by the Chairman of the Board of Directors and positive reaction from the candidate, at least two (2) members of the Board shall meet with the candidate; and

c. upon a positive evaluation by the two (2) Board members and the continuing interest of the candidate, the Committee shall make a recommendation to the Board of Directors, providing all pertinent background information for analysis and discussion by the Directors.

B. Board Size

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

1. Examine the size of the Board annually in view of assessing its effectiveness.

2. Consider modifications to the number of constituting members and issue its recommendations to the Board.

C. Composition of the Board

1. Ensure that the Board is composed of Directors that are sufficiently familiar with the business of the Company, and the risks it faces, to ensure active and effective participation in the deliberations of the Board.

2. Ensure that Directors have diverse backgrounds and personal characteristics and traits as well as competencies and expertise that add value to the Company.

3. Ensure that a majority of the directors are independent directors for the purposes of National Policy 58-201 Corporate Governance Guidelines.

D. Board Functioning

1. Examine the Board's functions and issue recommendations as to its obligations and role. Among others, the Committee must regularly review the Board's written mandate.

2. Determine and review, as needed, the roles and mandates of Board committees and issue recommendations.

E. Orientation and Continuing Education of Board Members

Develop an orientation and continuing education policy for Directors.

F. Governance

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

III. External Advisors

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

IV. Composition of the Committee

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

V. Term of the Mandate

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

VI. Vacancy

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

VII. Chairman

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

VIII. Secretary

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

IX. Meeting Proceedings

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

In the absence of the regularly appointed Secretary, Committee members shall designate someone to carry out this duty.

X. Quorum and Vote

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

XI. Records

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

XII. Effective Date

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

Exhibit 99.32

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

June 2, 2011

3. NEWS RELEASE:

A news release describing this material change was issued on June 2, 2011 on "Marketwire". A copy of the news release is available on the SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On June 2, 2011, Theratechnologies Inc. (the "Corporation") announced that it had re-evaluated its research and development business model (the "R&D Model"). The review of the R&D Model resulted in the collective dismissal of 24 employees and the Corporation estimates a reduction in payroll expenses of approximately $300,000 for the remainder of fiscal 2011 and approximately $2.5 million for fiscal 2012.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On June 2, 2011, the Corporation announced that it had re-evaluated its R&D Model. The Corporation intends to call upon partners in the public and private arena to help it bring its research and development project forward. The review of the R&D Model resulted in the collective dismissal of 24 employees and the Corporation estimates a reduction in payroll expenses of approximately $300,000 for the remainder of fiscal 2011 and approximately $2.5 million for fiscal 2012.

6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. EXECUTIVE OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Company at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

June 3, 2011

Exhibit 99.33

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

May 18, 2011

3. NEWS RELEASE:

A news release describing this material change was issued on May 18, 2011 on "Marketwire". A copy of the news release is available on the SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On May 18, 2011, Theratechnologies Inc. (the "Corporation") announced that it is applying to list its common shares on the NASDAQ market in the United States.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On May 18, 2011, the Corporation announced that it is applying to list its common shares on the NASDAQ market in the United States.

6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. EXECUTIVE OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Company at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

May 27, 2011

Exhibit 99.34

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

February 22, 2011

3. NEWS RELEASE:

A news release describing this material change was issued on February 22, 2011 on "Marketwire". A copy of the news release is available on the SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On February 22, 2011, Theratechnologies Inc. (the "Company") announced a new clinical program for muscle wasting in Chronic Obstructive Pulmonary Disease (COPD) using the Company's lead compound, tesamorelin, a human growth hormone releasing factor ("GRF") analogue.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On February 22, 2011, the Company announced a new clinical program for muscle wasting in COPD using the Company's lead compound, tesamorelin, a GRF analogue.

Based on tesamorelin's anabolic properties, the Company has chosen to pursue the development of its lead compound in muscle wasting in patients with COPD as its second indication. COPD is characterized by progressive airflow obstruction due to chronic bronchitis or emphysema leading in certain cases to muscle wasting, a decrease of muscle mass and deterioration in functionality. Previously, the Company completed a Phase 2 trial in stable ambulatory COPD patients which demonstrated a statistically significant increase in lean body mass. The Company intends to commence a second Phase 2 clinical study in the second half of 2011 to test different dosages of tesamorelin with a new formulation.

The Phase 2 clinical study will evaluate the use of tesamorelin in a randomized, placebo controlled study with approximately 200 COPD patients, in Global Initiative for Chronic Obstructive Lung Disease (GOLD) stage II and III, with muscle wasting.

Patients will be randomized to receive either one of two different dosages of tesamorelin or placebo each day for six months. Theratechnologies intends to randomize its first patient in the second half of 2011. The primary endpoint will be an increase in lean body mass. Other efficacy endpoints will be measured, such as a six-minute walking distance test, exercise endurance time, and quality of life (daily activities). Safety assessments will include monitoring of adverse events and laboratory evaluations. If the Phase 2 study is successful, two Phase 3 studies (one pivotal and one confirmatory) are to be conducted in parallel. This clinical trial program is estimated to take approximately four years and will use a new and more concentrated formulation of tesamorelin. The new formulation will require a smaller volume of injection and is expected to be stable at room temperature.

6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. EXECUTIVE OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Company at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

February 22, 2011

Exhibit 99.35

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

February 3, 2011

3. NEWS RELEASE:

A news release describing this material change was issued on February 3, 2011 on "Marketwire". A copy of the news release is available on the SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On February 3, 2011, Theratechnologies Inc. (the "Company") announced the execution of a distribution and licensing agreement (the "Agreement") with Ferrer Internacional S.A. ("Ferrer") for the commercialization rights to tesamorelin in Europe, Russia, South Korea, Taiwan and certain central Asian countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On February 3, 2011, the Company announced the execution of the Agreement with Ferrer for the commercialization rights to tesamorelin in Europe, Russia, South Korea, Taiwan and certain central Asian countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Under the terms of the Agreement, Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the Agreement. Theratechnologies will be responsible for the manufacture and supply of tesamorelin to Ferrer. Ferrer will purchase tesamorelin at a transfer price equal to the higher of a significant percentage of the net selling price and a predetermined floor price. Theratechnologies has the option to co-promote tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Theratechnologies has kept all development rights to tesamorelin for other indications and will be responsible for conducting research and

development for any additional programs. Ferrer has the option to enter into a codevelopment and commercialization agreement using tesamorelin relating to any such new indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development.

6. RELIANCE ON SUBSECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. EXECUTIVE OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Company at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

February 10, 2011

Exhibit 99.36

MATERIAL CHANGE REPORT

Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

December 6, 2010

3. NEWS RELEASE:

A news release was issued concerning this material change on December 6, 2010 on "Marketwire". A copy of the news release is available at SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On December 6, 2010, Theratechnologies Inc. (the "Company") announced the execution of a distribution and licensing agreement (the "Agreement") with Sanofi-Aventis ("Sanofi") for the commercialization rights to *EGRIFTA*® (tesamorelin for injection) in Latin America, Africa and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On December 6, 2010, the Company announced the execution of the Agreement with Sanofi for the commercialization rights to *EGRIFTA*® (tesamorelin for injection) in Latin America, Africa and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Under the terms of the Agreement, the Company will be responsible to supply *EGRIFTA*® to Sanofi. Sanofi will buy *EGRIFTA*® from the Company at an undisclosed selling price. The Company has kept all future development rights to *EGRIFTA*® and will be responsible for conducting additional research and development for any additional programs. Sanofi will be responsible to conduct all regulatory activities in the aforementioned territories in connection with *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, including seeking the approval of *EGRIFTA*® in the different countries. The Company granted Sanofi an option to commercialize *EGRIFTA*® in the aforementioned territories for other uses.

6. RELIANCE ON SUBSECTION 7.1(2) OF REGULATION 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. SENIOR OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of Theratechnologies Inc., at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

December 16, 2010.

Exhibit 99.37

MATERIAL CHANGE REPORT

Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

November 11, 2010

3. NEWS RELEASE:

A news release was issued concerning this material change on November 11, 2010 on Marketwire. A copy of the news release is available at SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On November 11, 2010, Theratechnologies Inc. (the "Company") announced that the U.S. Food and Drug Administration ("FDA") approved *EGRIFTA®* (tesamorelin for injection) as the first and only treatment indicated to reduce excess abdominal fat in HIV-infected patients with lipodystrophy (abdominal lipohypertrophy).

EGRIFTA® (tesamorelin for injection) was developed by the Company and will be exclusively commercialized in the U.S. by EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, under the terms of a collaboration and licensing agreement. Under the terms of this agreement, the FDA marketing approval is associated with milestone payments totaling US$25 million (approximately CAN$25 million).

The FDA has requested the following three post-marketing requirements: a long-term observational safety study for tesamorelin acetate (*EGRIFTA®*), a single vial formulation - the development of a new presentation of the same formulation, and a clinical trial to assess whether *EGRIFTA®* (tesamorelin for injection) has an impact on diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

Approval of *EGRIFTA®*

On November 11, 2010, the Company announced that the FDA approved *EGRIFTA®* (tesamorelin for injection) as the first and only treatment indicated to reduce excess abdominal fat in HIV-infected patients with lipodystrophy (abdominal lipohypertrophy).

Limitations of use

There are limitations of use associated with *EGRIFTA®* (tesamorelin for injection). Since the long-term cardiovascular safety and potential long-term cardiovascular benefit of *EGRIFTA®* (tesamorelin for injection) treatment have not been studied and

are not known, careful consideration should be given whether to continue *EGRIFTA®* (tesamorelin for injection) treatment in patients who do not show a clear efficacy response as judged by the degree of reduction in visceral adipose tissue ("VAT") measured by waist circumference ("WC") or CT scan. *EGRIFTA®* (tesamorelin for injection) is not indicated for weight loss management (weight neutral effect). There are no data to support improved compliance with antiretroviral therapies in HIV-positive patients taking *EGRIFTA®* (tesamorelin for injection).

Post-Marketing Requirements

The FDA has requested the following three post-marketing requirements: a long-term observational safety study for tesamorelin acetate (*EGRIFTA®*), a single vial formulation — the development of a new presentation of the same formulation, and a clinical trial to assess whether *EGRIFTA®* (tesamorelin for injection) has an impact on diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat.

Commercialization of *EGRIFTA®*

EGRIFTA® (tesamorelin for injection) was developed by the Company and will be exclusively commercialized in the U.S. by EMD Serono, an affiliate of Merck KGaA, of Darmstadt, Germany, under the terms of a collaboration and licensing agreement entered into in 2008 between the Company and EMD Serono. Under the terms of this agreement, the FDA marketing approval is associated with milestone payments totaling US$25 million (approximately CAN$25 million).

***EGRIFTA®* Phase 3 Trials**

The FDA approval of *EGRIFTA®* (tesamorelin for injection) was based on two multi-center, randomized, double-blind, placebo-controlled Phase 3 studies consisting of a 26-week main phase and a 26-week extension phase of 816 HIV-infected patients with excess abdominal fat associated with lipodystrophy.

The primary endpoint of the 26-week main phase was the percent change in VAT from baseline, as assessed by computed tomography ("CT") scan at the L4-L5 vertebral level.

In both Phase 3 studies, patients received either *EGRIFTA®* (tesamorelin for injection) or placebo for 26 weeks. Patients initially randomized to *EGRIFTA®* (tesamorelin for injection) were then re-randomized to receive either *EGRIFTA®* (tesamorelin for injection) or placebo for an additional 26-week treatment period, whereas patients receiving placebo were switched to *EGRIFTA®* (tesamorelin for injection). In the first study, at baseline, mean VAT was 178 cm^2 for the patients who received *EGRIFTA®* (tesamorelin for injection) and was 171 cm^2 for the patients who received placebo. In the second study, at baseline, mean VAT was 186 cm^2 for the patients who received *EGRIFTA®* (tesamorelin for injection) and was 195 cm^2 for the patients who received placebo. Patients treated with *EGRIFTA®* (tesamorelin for injection) experienced a statistically significant least-squares mean decrease from baseline in VAT of 27 cm^2 compared to an increase of 4 cm^2 for patients on placebo [(95% CI for the mean treatment difference of -31 cm^2 (-39 cm^2, -24 cm^2)] in the first study, and a statistically significant decrease from baseline in VAT of 21 cm^2 compared to no change in VAT for patients on placebo [(95% CI for the mean treatment difference of -21 cm^2 (-29 cm^2, -12 cm^2)] in the second study during the 26-week main phase. This represents a statistically significant least-squares mean decrease from baseline in VAT of 18% for patients treated with *EGRIFTA®* (tesamorelin for injection) compared to an increase of 2% for patients on placebo [(95% CI for the mean treatment difference of -20% (-24%, -15%)] in the first study, and a statistically significant decrease from baseline of 14% for patients treated with *EGRIFTA®* (tesamorelin for injection)

compared to a decrease of 2% for patients on placebo [(95% CI for the mean treatment difference of -12% (-16%, -7%)] in the second study during the 26-week main phase.

In the first study, at baseline, mean waist circumference was 104 cm for the patients who received *EGRIFTA®* (tesamorelin for injection) and was 105 cm for the patients who received placebo. In the second study, at baseline, mean waist circumference was 105 cm for the patients who received *EGRIFTA®* (tesamorelin for injection) and for the patients who received placebo. Treatment with *EGRIFTA®* (tesamorelin for injection) resulted in a statistically significant least-squares mean decrease from baseline in waist circumference of -3 cm compared to a decrease of -1 cm for patients on placebo [(95% CI for the mean treatment difference of -2 cm (-2.8 cm, -0.9 cm)] in the first study, and a statistically significant decrease from baseline of -2 cm compared to a decrease of -1 cm for patients on placebo [(95% CI for the mean treatment difference of -1 cm (-2.5 cm, -0.3 cm)] in the second study during the 26-week main phase. The decreases in VAT and waist circumference observed after 26 weeks of treatment were sustained in patients who received *EGRIFTA®* (tesamorelin for injection) over 52 weeks.

Important Risk Information

EGRIFTA® (tesamorelin for injection) is contraindicated in women who are pregnant, in patients with disruption of the hypothalamic-pituitary axis due to hypophysectomy, hypopituitarism, pituitary tumor/surgery, head irradiation or head trauma, in patients with known hypersensitivity to tesamorelin and/or mannitol (excipient) and in patients with active malignancies (either newly diagnosed or recurrent). Any preexisting malignancy should be inactive and its treatment complete prior to instituting therapy with *EGRIFTA®* (tesamorelin for injection). If pregnancy occurs, *EGRIFTA®* (tesamorelin for injection) therapy should be discontinued.

EGRIFTA® (tesamorelin for injection) induces the release of endogenous growth hormone ("GH"), a known growth factor, thus, patients with active malignancy should not be treated with *EGRIFTA®* (tesamorelin for injection). For patients with a history of non-malignant neoplasms, *EGRIFTA®* (tesamorelin for injection) therapy should be initiated after careful evaluation of the potential benefit of treatment. For patients with a history of treated and stable malignancies, *EGRIFTA®* (tesamorelin for injection) therapy should be initiated only after careful evaluation of the potential benefit of treatment relative to the risk of reactivation of the underlying malignancy. In addition, the decision to start treatment with *EGRIFTA®* (tesamorelin for injection) should be considered carefully based on the increased background risk of malignancies in HIV-positive patients.

EGRIFTA® (tesamorelin for injection) stimulates GH production and increases serum IGF-I. Given that IGF-I is a growth factor and the effect of prolonged elevations in IGF-I levels on the development or progression of malignancies is unknown, IGF-I levels should be monitored closely during *EGRIFTA®* (tesamorelin for injection) therapy. Careful consideration should be given to discontinuing *EGRIFTA®* (tesamorelin for injection) in patients with persistent elevations of IGF-I levels (e.g., >3 SDS), particularly if the efficacy response is not robust (e.g., based on visceral adipose tissue changes measured by waist circumference or CT scan). During the clinical trials, patients were monitored every three months. Among patients who received *EGRIFTA®* (tesamorelin for injection) for 26 weeks, 47.4% had IGF-I levels greater than 2 standard deviation score (SDS), and 35.6% had SDS >3, with this effect seen as early as 13 weeks of treatment. Among those patients who remained on *EGRIFTA®* (tesamorelin for injection) for a total of 52 weeks, at the end of treatment 33.7% had IGF-I SDS >2 and 22.6% had IGF-I SDS >3.

Fluid retention may occur during *EGRIFTA®* (tesamorelin for injection) therapy and is thought to be related to the induction of GH secretion. It manifests as increased tissue turgor and musculoskeletal discomfort resulting in a variety of adverse reactions (e.g., edema, arthralgia, carpal tunnel syndrome) which are either transient or resolve with discontinuation of treatment.

EGRIFTA® (tesamorelin for injection) treatment may result in glucose intolerance. During the Phase 3 clinical trials, the percentages of patients with elevated HbA1c (≥ 6.5%) from baseline to Week 26 were 4.5% and 1.3% in the *EGRIFTA®* (tesamorelin for injection) and placebo groups, respectively. An increased risk of developing diabetes with *EGRIFTA®* (tesamorelin for injection) (HbA1c level ≥ 6.5%) relative to placebo was observed [intent-to-treat hazard ratio of 3.3 (CI 1.4, 9.6)]. Therefore, glucose status should be carefully evaluated prior to initiating *EGRIFTA®* (tesamorelin for injection) treatment. In addition, all patients treated with *EGRIFTA®* (tesamorelin for injection) should be monitored periodically for changes in glucose metabolism to diagnose those who develop impaired glucose tolerance or diabetes. Diabetes is a known cardiovascular risk factor and patients who develop glucose intolerance have an elevated risk for developing diabetes. Caution should be exercised in treating HIV-positive patients with lipodystrophy with *EGRIFTA®* (tesamorelin for injection) if they develop glucose intolerance or diabetes, and careful consideration should be given to discontinuing *EGRIFTA®* (tesamorelin for injection) treatment in patients who do not show a clear efficacy response as judged by the degree of reduction in visceral adipose tissue by waist circumference or CT scan measurements. Since *EGRIFTA®* (tesamorelin for injection) increases IGF-I, patients with diabetes who are receiving ongoing treatment with *EGRIFTA®* (tesamorelin for injection) should be monitored at regular intervals for potential development or worsening of retinopathy.

Hypersensitivity reactions may occur in patients treated with *EGRIFTA®* (tesamorelin for injection). Hypersensitivity reactions occurred in 3.6% of patients with HIV-associated lipodystrophy treated with *EGRIFTA®* (tesamorelin for injection) in the Phase 3 clinical trials. These reactions included pruritus, erythema, flushing, urticaria, and other rash. In cases of suspected hypersensitivity reactions, patients should be advised to seek prompt medical attention, and treatment with *EGRIFTA®* (tesamorelin for injection) should be discontinued immediately.

EGRIFTA® (tesamorelin for injection) treatment may cause injection site reactions, including injection site erythema, pruritus, pain, irritation, and bruising. The incidence of injection site reactions was 24.5% in *EGRIFTA®* (tesamorelin for injection)-treated patients and 14.4% in placebo-treated patients during the first 26 weeks of treatment in the Phase 3 clinical trials. For patients who continued *EGRIFTA®* (tesamorelin for injection) for an additional 26 weeks, the incidence of injection site reactions was 6.1%. In order to reduce the incidence of injection site reactions, it is recommended to rotate the site of injection to different areas of the abdomen.

Increased mortality in patients with acute critical illness due to complications following open heart surgery, abdominal surgery or multiple accidental trauma, or those with acute respiratory failure has been reported after treatment with pharmacologic amounts of growth hormone. *EGRIFTA®* (tesamorelin for injection) has not been studied in patients with acute critical illness. Since *EGRIFTA®* (tesamorelin for injection) stimulates growth hormone production, careful consideration should be given to discontinuing *EGRIFTA®* (tesamorelin for injection) in critically ill patients.

EGRIFTA® (tesamorelin for injection) is contraindicated in pregnant women. During pregnancy, visceral adipose tissue increases due to normal metabolic and hormonal changes. Modifying this physiologic change of pregnancy with *EGRIFTA®* (tesamorelin

for injection) offers no known benefit and could result in fetal harm. Tesamorelin acetate administration to rats during organogenesis and lactation resulted in hydrocephalus in offspring at a dose approximately two and four times the clinical dose, respectively, based on measured drug exposure (AUC). If pregnancy occurs, discontinue *EGRIFTA*® (tesamorelin for injection) therapy. If this drug is used during pregnancy, or if the patient becomes pregnant while taking this drug, the patient should be apprised of the potential hazard to the fetus.

Because of both the potential for HIV-1 infection transmission and serious adverse reactions in nursing infants, mothers receiving *EGRIFTA*® (tesamorelin for injection) should be instructed not to human milk-feed. It is not known whether *EGRIFTA*® (tesamorelin for injection) is excreted in human milk.

Safety and effectiveness in pediatric patients have not been established. *EGRIFTA*® (tesamorelin for injection) should not be used in children with open epiphyses, among whom excess GH and IGF-I may result in linear growth acceleration and excessive growth.

There is no information on the use of *EGRIFTA*® (tesamorelin for injection) in patients greater than 65 years of age with HIV and lipodystrophy.

Safety, efficacy, and pharmacokinetics of *EGRIFTA*® (tesamorelin for injection) in patients with renal or hepatic impairment have not been established.

The most commonly reported adverse reactions (>5% and more frequent than placebo) are arthralgia [13.3% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 11.0% of patients receiving placebo], pain in extremity [6.1% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 4.6% of patients receiving placebo], myalgia [5.5% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 1.9% of patients receiving placebo], injection site erythema [8.5% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 2.7% of patients receiving placebo], injection site pruritus [7.6% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 0.8% of patients receiving placebo], and peripheral edema [6.1% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 2.3% of patients receiving placebo].

During the first 26 weeks of treatment (main phase), discontinuations as a result of adverse reactions occurred in 9.6% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 6.8% of patients receiving placebo. Apart from patients with hypersensitivity reactions identified during the studies and who were discontinued per protocol (2.2%), the most common reasons for discontinuation of *EGRIFTA*® (tesamorelin for injection) treatment were adverse reactions due to the effect of GH (4.2%) and local injection site reactions (4.6%).

6. RELIANCE ON SUBSECTION 7.1(2) OF REGULATION 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. SENIOR OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of Theratechnologies Inc., at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

November 19, 2010.

Exhibit 99.38

MATERIAL CHANGE REPORT

Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

September 1, 2010

3. NEWS RELEASE:

A news release was issued concerning this material change on September 1, 2010 on "Marketwire". A copy of the news release is available at SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On September 1, 2010, Theratechnologies Inc. (the "Company") announced the appointment of a new president and chief executive officer who will assume his responsibilities in the coming months.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On September 1, 2010, the Company announced that Mr. John-Michel T. Huss was appointed as the new president and chief executive officer of the Company. Mr. Huss will assume his responsibilities in the coming months.

6. RELIANCE ON SUBSECTION 7.1(2) OF REGULATION 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. SENIOR OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of Theratechnologies Inc., at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

September 1, 2010.

Exhibit 99.39

MATERIAL CHANGE REPORT

Regulation 51-102 Respecting Continuous Disclosure Obligations
Form 51-102F3

1. NAME AND ADDRESS OF COMPANY:

THERATECHNOLOGIES INC.
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

2. DATE OF MATERIAL CHANGE:

June 2, 2010

3. NEWS RELEASE:

A news release was issued concerning this material change on June 2, 2010 on "Marketwire". A copy of the news release is available at SEDAR website at www.sedar.com.

4. SUMMARY OF MATERIAL CHANGE:

On June 2, 2010, Theratechnologies Inc. (the "Company") announced that Mr. Yves Rosconi, its President and Chief Executive Officer, informed the Board of Directors of his decision to retire on December 31, 2010.

5. FULL DESCRIPTION OF MATERIAL CHANGE:

On June 2, 2010, the Company announced that Mr. Yves Rosconi, its President and Chief Executive Officer, informed the Board of Directors of his decision to retire on December 31, 2010.

The strategic committee of the Board of Directors will begin the formal search for a new President and Chief Executive Officer having the requisite experience to pursue the Company's business plan and its growth.

6. RELIANCE ON SUBSECTION 7.1(2) OF REGULATION 51-102:

Not applicable.

7. OMITTED INFORMATION:

Not applicable.

8. SENIOR OFFICER:

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of Theratechnologies Inc., at (514) 336-4804, ext. 288.

9. DATE OF REPORT:

June 8, 2010.

Exhibit 99.40

MATERIAL CHANGE REPORT
Regulation 51-102 Respecting Continuous Disclosure Obligations
FORM 51-102F3

Item 1 Name and Address of Company

THERATECHNOLOGIES INC. ("**Theratechnologies**" or the "**Company**")
2310 Alfred-Nobel Boulevard
Montreal, Québec
Canada H4S 2B4

Item 2 Date of Material Change

February 10, 2010.

Item 3 News Release

A news release describing the nature and substance of the material change was issued on "Marketwire" on February 10, 2010. A copy of the news release is available at SEDAR website at www.sedar.com.

Item 4 Summary of Material Change

Theratechnologies announced on February 10, 2010 that its Board of Directors adopted a shareholder rights plan agreement dated February 10, 2010 by and between the Company and Computershare Trust Company of Canada (the "**Rights Plan**"), effective at the close of trading on the same day. The Rights were issued on the same day to holders of record on February 9, 2010 at the close of the stock markets. Shareholders will be asked to approve the Plan at the Company's next annual and special meeting to be held on March 25, 2010 (the "**Shareholders' Meeting**"). The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

Item 5 Full Description of Material Change

On February 10, 2010, the Company announced that it had adopted the Rights Plan, effective as of that date.

The Rights Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for Theratechnologies, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares.

The following text provides a summary of the principal terms of the Rights Plan and is provided subject to the terms and conditions thereof. A complete copy of the Shareholder Rights Plan Agreement is available at www.sedar.com.

Term of the Rights Plan

The Rights Plan came into effect on February 10, 2010. The Rights were issued on the same day to holders of record on February 9, 2010 at the close of the stock markets. Shareholders will be asked to approve the Rights Plan at the Company's next annual and special meeting to be held on March 25, 2010. The Rights Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

Issue of Rights

In order to implement the Rights Plan, the Board of Directors authorized the Company to issue one right in respect of each common share (the "Common Share") outstanding as of 6:00 p.m. (Montreal time) on February 9, 2010 (the "Effective Date"). One Right will also be issued and attached to each subsequently issued Common Share.

Rights-Exercise Privilege

The Rights will be separate from the Common Shares to which they are attached and will become exercisable at the time (the **Separation Time**") that is ten business days after the earlier of: (i) the first date of public announcement that an "Acquiring Person" (as defined below) has become such; (ii) the date of commencement of, or first public announcement in respect of, a takeover bid which will permit an offeror to hold 20% or more of the Common Shares, other than by an acquisition pursuant to a takeover bid permitted by the Rights Plan (a "**Permitted Bid**" as defined below); (iii) the date upon which a Permitted Bid ceases to be a Permitted Bid; or (iv) such other date as may be determined in good faith by the Board of Directors.

The acquisition permitting a person (an "**Acquiring Person**"), including others acting jointly or in concert with such person, to hold 20% or more of the outstanding Common Shares, other than by way of a Permitted Bid, is referred to as a "**Flip-in Event**." Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement (the "**Common Share Acquisition Date**") by the Company or an Acquiring Person that an Acquiring Person has become such, will become null and void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Common Share Acquisition Date, each Right (other than those held by the Acquiring Person) will permit the holder to purchase for the exercise price, that number of shares determined as follows: a value of twice the exercise price divided by the average weighted market price for the last 20 trading days preceding the Common Share Acquisition Date. The exercise price is currently $25 per Right, subject to adjustment in accordance with the Rights Plan.

To the knowledge of the senior executives of the Company, as of February 9, 2010, no natural or legal person owns or owned 20% or more of the Common Shares.

The Issue of Rights is not initially dilutive. Upon the occurrence of a Flip-in Event and the separation of the Rights from the attached shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Lock-Up Agreements

A bidder may enter into lock-up agreements with the shareholders of the Company whereby such shareholders agree to tender their shares to the takeover bid (the "**Lockup Bid**") without a Flip-in Event occurring. Any such agreement must permit or must have the effect to permit the shareholder to withdraw the shares to tender to another takeover bid or to support another transaction that exceeds the value of the Lock-up Bid.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued after the Effective Date. Rights are also attached to shares outstanding on the Effective Date, although share certificates will not bear such a legend. Prior to the Separation Time, Rights will not be transferable separately from the attached shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the shares.

"Permitted Bid" Requirements

A "Permitted Bid" is a takeover bid that does not trigger the exercise of Rights. A "Permitted Bid" is a bid that aims to acquire shares which, together with the other securities beneficially owned by the bidder, represent not less than 20% of the outstanding Common Shares, which bid is made by means of a takeover bid circular and satisfies the following requirements:

(i) the bid must be made to all holders of Common Shares;

(ii) the bid must include a condition without reservation providing that no share tendered pursuant to the bid will be taken up prior to the expiry of a period of not less than 60 days and only if at such date more than 50% in aggregate of the outstanding shares held by the shareholders other than the bidder, its associates and affiliates, and persons acting jointly or in concert with such persons (the "**Independent Shareholders**") have been tendered pursuant to the bid and not withdrawn;

(iii) if more than 50% in aggregate of the shares held by Independent Shareholders are tendered to the bid within the 60-day period, the bidder must make a public announcement of that fact and the bid must remain open for deposits of shares for an additional 10 business days from the date of such public announcement.

Waiver and Redemptions

The Board of Directors acting in good faith may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event that would result from a takeover bid made by way of takeover bid circular to all holders of shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event. The Board of Directors may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Common Shares within 14 days or any other period that may be specified by the Board of Directors. At any time prior to the occurrence of a Flip-in Event, the Board of Directors may, subject to the prior approval of the holders of Common Shares, elect to redeem all, but not less than all, of the outstanding Rights at a price of $0.0001 per right.

Exemption for Investment Managers

Investment managers (for client accounts), trust companies and pension funds (acting in their capacity as trustees and administrators) acquiring shares permitting them to hold 20% or more of the Common Shares are exempt from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

Supplements and Amendments

The Company is authorized to make amendments to the Rights Plan to correct any clerical or typographical error or to maintain the validity of the Rights Plan as a result of changes in laws or regulations. Prior to the Shareholders' Meeting, the Company is authorized to amend or supplement the Rights Plan as the Board of Directors may in good faith deem necessary or advisable. The Company will issue a press release relating to any material amendment made to the Rights Plan prior to the Shareholders' Meeting and will advise the shareholders of any such amendment at the Shareholders' Meeting. Material amendments or supplements to the Rights Plan will require, subject to the regulatory authorities, the prior approval of the shareholders or, after the Separation Time, holders of Rights.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, contact Jocelyn Lafond, Vice President, Legal Affairs, and Corporate Secretary of the Company at (514) 336-4804, ext. 288.

Item 9 Date of Report

February 11, 2010

News Release

Theratechnologies Announces Filing of European Marketing Authorization Application for Tesamorelin

Montréal, Canada — June 6, 2011 — Theratechnologies Inc. (Theratechnologies) (TSX: TH) today announced that its partner, Ferrer Internacional S.A. (Ferrer), has filed a Marketing Authorization Application (MAA) with the European Medicines Agency (EMA) for tesamorelin, an analogue of the growth hormone-releasing factor (GRF), proposed for the treatment of excess abdominal fat in adult HIV-infected patients with lipodystrophy.

Currently there are no approved treatments for lipodystrophy in HIV-infected patients available in the European Union. Based on Theratechnologies' estimates, approximately 212,000 HIV-infected patients in Europe are affected by lipodystrophy.

"This European regulatory filing for tesamorelin constitutes an important step forward in meeting our corporate objective of maximizing the commercial potential of our flagship product in major markets," said Mr. John-Michel T. Huss, President and Chief Executive Officer of Theratechnologies. "This also represents an important step towards addressing a critical, yet unmet medical need for HIV-infected patients with lipodystrophy throughout the European Union. We were very pleased to obtain FDA approval for tesamorelin in the U.S. and we are confident that our ability to help meet these patient needs, in partnership with Ferrer, will also be recognized in Europe," concluded Mr. Huss.

Under a distribution and licensing agreement between the two companies, Ferrer holds the commercialization rights to tesamorelin for the treatment of excess abdominal fat in adult HIV-infected patients with lipodystrophy in Europe and is responsible for conducting all related regulatory and commercialization activities. Ferrer is a privately-held international pharmaceutical company based in Barcelona, Spain, and operates in over 60 countries.

The MAA, submitted under the name "TESAMORELIN FERRER", is based on the positive results from two Phase 3 clinical trials, which enrolled more than 800 patients, and follows a marketing approval by the US Food and Drug Administration received in November 2010. In the U.S., tesamorelin is marketed under the trade name *EGRIFTA®*.

The EMA's review of the MAA for tesamorelin will follow their centralized marketing authorization procedure, which includes validation, assessment and decision-making processes. If approved, tesamorelin will receive marketing authorization for the 27 European Union member countries as well as for Iceland, Liechtenstein and Norway.

About *EGRIFTA®*

EGRIFTA®, a once-daily injection, is a novel, stabilized analogue of GRF. GRF is a hypothalamic peptide that acts on the pituitary cells in the brain to stimulate the synthesis and pulsatile release of endogenous growth hormone (GH). GH has been

shown to play an important role in regulating lipid metabolism and body composition (e.g., increasing muscle mass and reducing fat) [1].

About HIV-Associated Lipodystrophy

Several factors, including a patient's antiretroviral drug regimen and the HIV virus itself, are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes. The changes in body composition may include accumulation of excess abdominal fat accumulation, which is known as abdominal lipohypertrophy.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA*® has not been approved in Canada.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, Theratechnologies has signed distribution and licensing agreements with a subsidiary of Sanofi granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 number of HIV-infected patients in Europe affected by lipodystrophy and the potential approval of tesamorelin for the treatment of excess abdominal fat in adult HIV-infected patients with lipodystrophy.

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 Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include, but are not limited to, that the EMA will approve tesamorelin for the treatment of excess

abdominal fat in adult HIV-infected patients with lipodystrophy, that no additional clinical trials will be required by the EMA in order to approve tesamorelin and that the data consulted by Theratechnologies in calculating the number of HIV-patients affected by lipodystrophy in Europe were accurate. These risks and uncertainties include, but are not limited to, the risk that the EMA does not approve tesamorelin for the treatment of excess abdominal fat in adult HIV-infected patients with lipodystrophy, that the EMA requires additional clinical studies prior to make any decision regarding the approval or non-approval of tesamorelin and that the data consulted by Theratechnologies in calculating the number of HIV-patients affected by lipodystrophy in Europe were not accurate.

Theratechnologies refers potential investors to the “Risks and Uncertainties” section of its Annual Information Form (the “AIF”) dated February 22, 2011. The AIF is available at www.sedar.com under Theratechnologies’ public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents Theratechnologies’ expectations as of that date.

[1]Grunfeld C et al. J Acquir Immune Defic Syndr; 45:286-297 (2007). Lo J et al. JAMA, 300: 509518 (2008).

Contact:
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NATIONAL Public Relations
Phone: 514 843-7171

THERATECHNOLOGIES ADOPTS NEW R&D BUSINESS MODEL TO STRENGTHEN ITS GROWTH POTENTIAL

Montreal, Quebec — June 2, 2011 — Theratechnologies Inc. (Theratechnologies) (TSX: TH) announced today that it has re-evaluated its R&D business model.

Theratechnologies is at a major turning point in its evolution as a company. Recently, its flagship product, *EGRIFTA*® (tesamorelin for injection), earned FDA approval in the U.S. Also, Theratechnologies' partners are in the process of preparing regulatory applications for *EGRIFTA*® in several other major markets, including the European Union and a number of Latin American countries. In this context, Theratechnologies has now revisited its R&D business model in order to strengthen its growth potential.

"As stated at our last annual meeting of shareholders, the launch of *EGRIFTA*® in the United States is a success by any standard. As Theratechnologies enters into the next phase of its evolution, it is our ability to adapt that will determine our future success. I hope that our new R&D business model — based on innovation, openness and flexibility — will become the industry standard," declared Mr. John-Michel T. Huss, President and Chief Executive Officer of Theratechnologies.

"The future of R&D undoubtedly lies in the public and private sector's ability to work in close collaboration. While relying on Theratechnologies' established partnership experience, we will systematically call upon partners in the public and private arena to help us bring our R&D projects forward," added Mr. Huss.

Consequently, the restructuring of R&D activities will lead to a workforce reduction affecting 24 employees. John Michel T. Huss met with Theratechnologies' employees this afternoon to discuss the company's new business model and its impact on its research and development activities.

Theratechnologies estimates that this restructuring will result in a reduction in payroll expenses of approximately $300,000 for the remainder of fiscal 2011, and a reduction of approximately $2.5 million for fiscal 2012.

All affected employees will be met with individually and will be provided with all the pertinent information concerning their situation, and offered the level of support they require, following this announcement.

"We are fully aware of the fact that this is a difficult situation for our employees at Theratechnologies and we are doing everything we can to mitigate the impact of this

decision on affected employees. We will do our utmost to ensure that our impacted colleagues are treated with both respect and dignity," concluded Mr. Huss.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. *EGRIFTA*® is not approved in Canada.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, Theratechnologies has signed distribution and licensing agreements with a subsidiary of Sanofi granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Forward-Looking Information

This press release 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 growth of Theratechnologies.

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 Theratechnologies' control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These assumptions include, but are not limited to, that regulatory agencies in countries outside of the United States will approve *EGRIFTA*®, that the research and development business model adopted by Theratechnologies will help advance its research and development activities, and that on the long term, Theratechnologies will benefit from a reduction in its operating costs. These risks and uncertainties include, but are not limited to, the risk that EGRIFTA® is not approved by regulatory agencies outside of the United States, that Theratechnologies cannot find adequate partners or that contractual provisions with these partners are not suitable, or that the expected cost savings do not materialize.

The Company refers potential investors to the “Risks and Uncertainties” section of its Annual Information Form (the “AIF”) dated February 22, 2011. The AIF is available at www.sedar.com under Theratechnologies’ public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents Theratechnologies’ expectations as of that date.

Exhibit 99.43

News Release

For immediate release

THERATECHNOLOGIES HOLDS ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AFTER A YEAR MARKED BY HISTORIC ACHIEVEMENT

FDA approval of EGRIFTA® paves the way to growth strategy

Montreal, Canada — May 18, 2011 — Theratechnologies Inc. (TSX: TH) ("Theratechnologies" or the "Company") today held its annual and special meeting of shareholders in Montreal. It was an opportunity to celebrate a milestone year and to review the Company's prospects as it develops the full potential of its flagship product, *EGRIFTA®*.

In his remarks to shareholders, Mr. Paul Pommier, Chairman of the Board of Theratechnologies, expressed his satisfaction over the Food and Drug Administration's ("FDA") approval of *EGRIFTA®*.

"Earning FDA approval is a significant achievement. Theratechnologies is one of the few Canadian biotech companies to have successfully steered a molecule from discovery to marketing approval," said Mr. Pommier.

Mr. Pommier explained that the FDA's approval set the stage for two important partnership agreements, with Sanofi and with Ferrer Internacional S.A. These partnerships support Theratechnologies' objective of maximizing the commercial value of *EGRIFTA®* in markets around the world. He also announced that Theratechnologies is applying to list its shares on the NASDAQ market in the United States.

Mr. Pommier read the prepared address of President and CEO John-Michel Huss, who was not able to attend the meeting. Mr. Huss' absence was due to ophthalmic surgery that he underwent yesterday to treat a detached retina in his right eye. His doctors expect a short recovery; however, the surgery could not have been delayed without causing additional risk to Mr. Huss. (Quotations from Mr. Huss in this news release were taken from his prepared remarks.)

"The launch of *EGRIFTA®* in the United States is a success by any standards. We are tracking at 100 additional prescriptions per week," declared John-Michel Huss. "Royalty revenues are now starting to flow and several important regulatory filings are slated in the coming months with *EGRIFTA®* now licensed in most major markets around the world," he added.

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Shareholders were also updated on the upcoming clinical program using tesamorelin to treat muscle wasting in chronic obstructive pulmonary disease (COPD).

“We know from our past clinical work that tesamorelin has potential to do more than reduce abdominal fat. It has also been shown to increase muscle mass, which makes it a potential treatment for muscle wasting,” said Mr. Huss. “If the increase in lean body mass translates into an improvement of functionality, that will be a huge step forward for COPD-patients suffering from muscle wasting,” he added. The COPD clinical program is expected to begin in September 2011.

The COPD clinical program is part of a four-pronged strategy aimed at growing the Company and building value for shareholders. This strategy is based on:

- Maximizing global commercial opportunities for *EGRIFTA®*
- Developing tesamorelin to treat muscle wasting
- Solidifying our position as a leader in the field of novel GRF products
- Pursuing external growth opportunities

In his prepared remarks, Mr. Huss announced that the Company is working on synthesizing a second generation GRF analog that may have the potential for administration methods other than injection. “If we succeed, this will be a major improvement for patients”, he stated.

Theratechnologies’ Senior Executive Vice-President and Chief Financial Officer, Mr. Luc Tanguay, provided an overview of the Company’s financial position, commenting on the results for the first quarter of 2011, which were announced earlier in April. He reminded shareholders that Theratechnologies had completed the first quarter with $56.3 million in liquidities. He also added that consolidated revenues were up significantly for the quarter, reflecting early product sales to the Company’s U.S. partner. “With $56.3 million in liquidities, the Company is well positioned to pursue its organic growth,” noted Mr. Tanguay. Company expenses for 2011 are expected to be in the range of $26 million, excluding the cost of goods sold and depreciation.

At the meeting, Company’s shareholders re-elected current members of the Board of Directors, designated KPMG LLP as auditors of the Company for the ensuing year and passed a resolution to amend the Articles of the Corporation to enable the Board of Directors to name up to one-third of the number of directors elected at each annual meeting of shareholders.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical Corporation that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, the Corporation has signed distribution and licensing agreements with a subsidiary of Sanofi granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website atwww.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 revenue to be generated as a result of sales of *EGRIFTA*® to EMD Serono and the receipt of royalties from EMD Serono in connection with the sale of *EGRIFTA*® in the United States, the successful use of tesamorelin to treat muscle wasting in COPD, the potential of discovering a new GRF analog and the new routes of administration of such analog and the Company's growth based on its strategy. 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 future and conditional tenses 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 risk that *EGRIFTA*® is not approved in all or some of the territories referred to in this press release (other than the United States of America), that the revenue and royalties we expect to generate from sales of *EGRIFTA*® are lower than anticipated, that the supply of*EGRIFTA*® to our commercial partners is delayed or suspended as a result of problems with our suppliers, that *EGRIFTA*® is withdrawn from the market as a result of defects or recalls, that our intellectual property is not

adequately protected, that the data generated in the Phase 2 clinical trial using tesamorelin for the treatment of muscle wasting in COPD are not potent enough to pursue the conduct of a clinical program for this disease and that our liquidity level decreases based on unexpected activities that must be carried out in order to achieve our business plan.

Certain assumptions made in preparing the forward-looking information and the Company's objectives include the assumption that *EGRIFTA®* for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approvals in the territories referred to in this press release (other than the United States of America), that no additional clinical studies will be required to obtain these approvals, *EGRIFTA®* will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payors, that relations with third-party suppliers of *EGRIFTA®* will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply *EGRIFTA®* to meet its demand and will manufacture on a timely-basis, that the Company will succeed in implementing its four-pronged strategy, that tesamorelin will be successful in treating muscle wasting in COPD and that the Company's business plan will not be substantially modified.

Consequently, the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of this press release.

Investors are referred to the Company's public filings available at http://www.sedar.com/. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form dated February 22, 2011 for the year ended November 30, 2010.

-30-

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Exhibit 99.44

Subject: Media advisory

THERATECHNOLOGIES HOLDS ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MONTREAL (Quebec), May 16, 2011—Theratechnologies Inc. (TSX:TH) ("Theratechnologies") will hold its annual and special meeting of shareholders in Montreal this Wednesday, May 18, at 10 am.

Datebook

What: Annual and special meeting of shareholders of Theratechnologies

When: Wednesday, May 18, at 10 am

Where: Sheraton Montreal, 1201 René-Lévesque West Blvd., Montréal

Who: Mr. Paul Pommier, Chairman of the Board
Mr. Luc Tanguay, Senior Executive Vice-President and Chief Financial Officer

Please note that Mr. John-Michel Huss will not be able to attend the annual and special meeting of shareholders. His absence is due to ophthalmic surgery that he will undergo to treat a retinal detachment in his right eye. His doctors expect a short recovery; however, the surgery cannot be delayed without causing additional risk to Mr. Huss.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical Corporation that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in

November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, the Corporation has signed distribution and licensing agreements with a subsidiary of Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Corporation's website at www.theratech.com. Additional information about the Corporation is also available on SEDAR at www.sedar.com.

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Exhibit 99.45

News Release

Theratechnologies announces results for the first quarter 2011
— Commercial activities now underway in the United States —

Montréal, Canada — April 12, 2011 - Theratechnologies (TSX: TH) today announced its financial results for the quarter ended February 28, 2011, the first reporting period to include revenues and expenses directly related to the *EGRIFTA*® launch in the United States. For reference, the Management's Discussion and Analysis for the first quarter 2011 with the associated Financial Statements can be found at www.theratech.com or at www.sedar.com.

First quarter financial highlights included:

- Consolidated revenues were up significantly in the quarter reflecting early product sales to the Company's U.S. partner
- R&D expenses were down 27% in the quarter
- Continued Balance Sheet strength with a cash position of $56,327,000 at quarter end

"With *EGRIFTA*® sales now accruing and royalty revenues beginning in the second quarter, we are establishing a foundation to further develop the Company," stated Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "It is still in the early days but from what we see thus far, we are very encouraged about the prospects for *EGRIFTA*®," he said. "The upcoming few months will also be exciting as our partners begin regulatory submissions in Europe and selected Latin American markets for HIV-associated lipodystrophy," Mr. Huss concluded.

" With $56 million in cash, the Company is well positioned to pursue its clinical program in muscle wasting in COPD," added Mr. Luc Tanguay, Senior Executive Vice President & CFO of Theratechnologies.

Financial Highlights

For the three-month period ending February 28, 2011:

Consolidated revenues amounted to $3,518,000 for the quarter, compared to $1,717,000 for the corresponding period in 2010, an increase of 104.9%. The higher revenues in 2011 include $1,798,000 generated from the sales of *EGRIFTA*® to EMD Serono.

Cost of Sales totaled $2,595,000, for the first quarter. Cost of sales exceeded *EGRIFTA*® sales revenue principally due to raw materials purchased prior to negotiating our current long-term procurement agreements, an inventory write-down of $375,000 related to an unfavorable foreign currency difference and costs associated with validating a second *EGRIFTA*® supplier. There were no costs related to the production of *EGRIFTA*® in the first quarter of 2010, as we only began producing inventories through our third-party suppliers during the second half of 2010, in anticipation of the launch of *EGRIFTA*® in the United States.

Research and development ("R&D") expenses totaled $2,993,000 for the first quarter of 2011, compared to $4,123,000 for the same period in 2010, a decrease of 27.4% . The R&D expenses incurred in the first quarter are related to the preparation for the Phase 2 clinical trial evaluating tesamorelin in muscle wasting associated with COPD, to the work on a new formulation and a new presentation of *EGRIFTA*®, as well as to the development of novel growth hormone releasing factor peptides. R&D expenses also include all regulatory, manufacturing and clinical activities to support our three commercial partners, as well as follow up on the post-approval commitments. The R&D expenses incurred in the first quarter of 2010 were mainly related to the regulatory activities connected with the preparation for the FDA Advisory Committee meeting which took place on May 26, 2010.

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Selling and market development expenses amounted to $477,000 for the first quarter, compared to $620,000 for the same period in 2010, a decrease of 23.1% . The decrease is principally due to the signing of distribution and licensing agreements with Sanofi and Ferrer which transferred responsibility for all marketing expenses to the licensees. Selling and market development expenses continue to include activities associated with the management of the agreements with our three partners.

General and administrative expenses amounted to $3,215,000 for the first quarter, compared to $1,745,000 for the same period in 2010. The higher expenses were principally due to costs associated with the change in leadership of the Company, many of which were entirely expensed in the first quarter 2011. Additional expenses were also incurred in relation to deferred stock units granted to the members of the Board of Directors during the first quarter. Although the deferred stock units replace a part of their annual compensation, the deferred stock units were entirely expensed in the three-month period.

Net Financial Charges

Interest revenues for the first quarter 2011 amounted to $372,000 compared to $578,000 for the same period in 2010. Lower interest revenues for 2011 were due to a lower yield on the portfolio during the period.

As at November 30, 2010, the foreign currency difference arising from the conversion of the US$25,000,000 milestone payment from EMD Serono into the functional currency of the Company resulted in a net foreign exchange gain of $635,000 as of November 30, 2010. However, in the first quarter, when this amount was converted to Canadian dollars, a foreign exchange loss of $550,000 was incurred. The foreign exchange loss for the same period in 2010 was $44,000.

Net loss in the first quarter was $5,932,000, or $0.10 per share, compared to a net loss of $4,241,000, or $0.07 per share for the same period in 2010.

Financial Position

At February 28, 2011, liquidities, which include cash and bonds, amounted to $55,842,000 and tax credits receivable amounted to $485,000, for a total of $56,327,000.

Taking into account the revenues and expenses described above, for the three-month period ended February 28, 2011, use of cash from operating activities, was $7,764,000, compared to $7,676,000 for the same period in 2010. Use of cash includes changes in trade and other receivables, related to product sales to EMD Serono.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical Corporation that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, the Corporation has signed distribution and licensing agreements with a subsidiary of Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 preparation and filing of applications seeking regulatory approval of *EGRIFTA*® in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in various territories outside of the United States, the revenue to be generated as a result of sales of *EGRIFTA*® to EMD Serono and the receipt of royalties from EMD Serono in connection with the sale of *EGRIFTA*® in the United States. 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 future and conditional tenses 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 risk that *EGRIFTA*® is not approved in all or some of the territories referred to in this press release, the revenue and royalties we expect to generate from sales of *EGRIFTA*® are lower than anticipated, the supply of *EGRIFTA*® to our commercial partners is delayed or suspended as a result of problems with our suppliers, *EGRIFTA*® is withdrawn from the market as a result of defects or recalls, our intellectual property is not adequately protected and our liquidity level decreases based on unexpected activities that must be carried out in order to achieve our business plan.

Although the forward-looking information contained in this press release 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 *EGRIFTA*® for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approvals in the territories referred to in this press release, no additional clinical studies will be required to obtain these approvals, *EGRIFTA*® will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payers, relations with third-party suppliers of *EGRIFTA*® will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply *EGRIFTA*® to meet its demand and will manufacture on a timely-basis and that the Company's business plan will not be substantially modified.

Consequently, the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on the risks and descriptions of the risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form, dated February 22, 2011, for the year ended November 30, 2010. This press release is dated April 12, 2011, and has been approved by the Audit Committee.

-30-

Information:

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Chief Financial Officer
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News Release

Theratechnologies decides to withdraw its cross-border offering

Montréal, Canada — March 8, 2011 — Theratechnologies Inc. (TSX: TH) today announced that it has decided not to pursue its public offering in Canada and the United States due to an expected offering price which was not acceptable to the Corporation. The decision to withdraw the offering was made by the Board of Directors and demonstrates the Corporation's commitment to its shareholders.

"We are not proceeding with this offering as we believe that the Corporation has a much higher intrinsic value than what the market is currently reflecting," commented Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "We believe strongly in the commercial success of *EGRIFTA*® and I can assure you that we remain fully committed to increasing value for our shareholders," concluded Mr. Huss.

The decision does not affect the Corporation's strategy and the Corporation intends to pursue its business plan accordingly. With its existing financial resources, the Corporation expects to begin its Phase 2 clinical trial relating to muscle wasting in chronic obstructive pulmonary disease (COPD), to complete its new formulation of *EGRIFTA*®, and to continue research and development of novel GRF peptides.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical Corporation that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, the Corporation has signed distribution and licensing agreements with a subsidiary of Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Corporation's website at www.theratech.com. Additional information about the Corporation is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 beginning of our Phase 2 clinical trial relating to muscle wasting in COPD, the completion of our new formulation of *EGRIFTA*® and the successful commercialization of *EGRIFTA*® in the United States and in other territories.

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 Corporation'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 risk that we do not obtain positive results from our Phase 2 clinical trial for muscle wasting in COPD, that we are

unable to complete the new formulation of *EGRIFTA*® and that *EGRIFTA*® is not successfully commercialized in the United States or in other territories.

Certain assumptions made in preparing the forward-looking information include, among others, that results from the Phase 2 clinical trials for muscle wasting in COPD will be positive, that the new formulation for *EGRIFTA*® will be completed and that *EGRIFTA*® will be successfully commercialized in the United States and in other territories.

All of the forward-looking information is qualified by the foregoing cautionary statements. Forward-looking information reflects current expectations regarding future events only as of the date of release of this press release. The Corporation refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 22, 2011. The AIF is available at www.sedar.com under the Corporation's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements.

-30-

Information:
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News Release

Theratechnologies files preliminary prospectus for cross-border offering

Montréal, Canada — February 22, 2011 — Theratechnologies Inc. (TSX: TH) today announced that it has filed a preliminary short form base PREP prospectus with the securities administrators in each of the provinces of Canada and a registration statement on Form F-10 with the U.S. Securities and Exchange Commission in connection with an offering of approximately 11 million common shares. This offering will be Theratechnologies' initial public offering in the United States.

The offering will be made predominantly to investors in the United States. Application has been made to list the common shares on the Nasdaq Global Market under the symbol "THER". The Company's common shares will also continue to trade on the Toronto Stock Exchange under the symbol "TH". The Company will grant the underwriters an option to purchase up to an additional number of common shares not to exceed 15% of the number of shares issued pursuant to the offering, within 30 days of the date of the underwriting agreement to cover over-allotments, if any. All of the common shares to be sold in the offering will be newly issued.

The Company plans to use the net proceeds from the offering to advance its clinical program relating to muscle wasting in chronic obstructive pulmonary disease (COPD), to complete its new formulation of *EGRIFTA*® and tesamorelin, to continue research and development of novel GRF peptides, for potential acquisitions, and for working capital and other general corporate purposes.

Jefferies & Company, Inc., Stifel, Nicolaus & Company, Inc., RBC Capital Markets, LLC and BMO Capital Markets Corporation are acting as joint book-running managers for the proposed offering. Desjardins Securities International Inc. and NBF Securities (USA) Corp. are acting as co-managers for the proposed offering. The Company's common shares are being offered in Canada by Stifel Nicolaus Canada Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Desjardins Securities Inc. and National Bank Financial Inc.

The offering will be made by means of a prospectus when available. A copy of the preliminary prospectus may be obtained by contacting Jefferies & Company, Inc. at 520 Madison Avenue, New York, NY 10022 (telephone: 212-284-2300), Stifel, Nicolaus & Company, Inc. at One Montgomery, 36th Floor, SF, CA 94104 (telephone: 415-364-2720), RBC Capital Markets, LLC at Three World Financial Center, 200 Vesey Street, 8th floor, New York, NY 10281 (telephone: 877-822-4089) or BMO Capital Markets at 3 Times Square, 27th Floor, New York, NY, 10036 (telephone: 800-414-3627).

This offering is subject to customary conditions and regulatory approvals, including the effectiveness of the registration statement filed under the Securities Act of 1933 and the approval of the Toronto Stock Exchange. A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or jurisdiction.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

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distribution and licensing agreements with a subsidiary of Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA®* for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA®* for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

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Forward-Looking Information

This press release contains certain statements that are considered "forward-looking information" within the meaning of applicable securities legislation.

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. Although the forward-looking information contained in this press release 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 materially from the forward-looking information contained in this press release.

Consequently, all of the forward-looking information contained in this press release is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on its business, financial condition or results of operation.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risks Factors" section of the Company's Annual Information Form for the year ended November 30, 2010.

-30-

Information:
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News Release

Theratechnologies announces new clinical program in muscle wasting in Chronic Obstructive Pulmonary Disease (COPD)

Montréal, Canada — February 22, 2011 - Theratechnologies (TSX: TH) today announced a new clinical program for muscle wasting in Chronic Obstructive Pulmonary Disease (COPD) using the Company's lead compound, tesamorelin, a human growth hormone releasing factor ("GRF") analogue.

Based on tesamorelin's anabolic properties, the Company has chosen to pursue the development of its lead compound in muscle wasting in patients with COPD as its second indication. COPD is characterized by progressive airflow obstruction due to chronic bronchitis or emphysema leading in certain cases to muscle wasting, a decrease of muscle mass and deterioration in functionality. Previously, Theratechnologies completed a Phase 2 trial in stable ambulatory COPD patients which demonstrated a statistically significant increase in lean body mass. The Company intends to commence a second Phase 2 clinical study in the second half of 2011 to test different dosages of tesamorelin with a new formulation.

Based on available market and industry data, the Company estimates that in 2009, the number of diagnosed COPD patients in the Global Initiative for Chronic Obstructive Lung Disease (GOLD) Stage II or III suffering from a muscle wasting condition, with a body mass index under 25, was approximately 3.1 million in the United States, France, Germany, Italy, United Kingdom, Spain and Japan.

"There are a large number of patients who suffer from muscle wasting in COPD and it is our hope that we can eventually improve the condition of those patients in need," stated Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "Expanding into this new disease area will allow us to maximize the global commercial potential of tesamorelin," he commented. "This is further evidence regarding our ability to deliver on our promise, as a management team, and a demonstration of our commitment to grow our company as well as solidify the future of Theratechnologies," Mr. Huss concluded.

The Phase 2 clinical study will evaluate the use of tesamorelin in a randomized, placebo controlled study with approximately 200 COPD patients, in GOLD stage II and III, with muscle wasting. Patients will be randomized to receive either one of two different dosages of tesamorelin or placebo each day for six months. Theratechnologies intends to randomize its first patient in the second half of 2011. The primary endpoint will be an increase in lean body mass. Other efficacy endpoints will be measured, such as a six-minute walking distance test, exercise endurance time, and quality of life (daily activities). Safety assessments will include monitoring of adverse events and laboratory evaluations. If the Phase 2 study is successful, two Phase 3 studies (one pivotal and one confirmatory) are to be conducted in parallel. This clinical trial program is estimated to take approximately four years and will use a new and more concentrated formulation of tesamorelin. The new formulation will require a smaller volume of injection and is expected to be stable at room temperature.

"We have already led a successful clinical program based on the lipolytic properties of tesamorelin and are now expanding into muscle wasting in COPD based on the anabolic properties of tesamorelin," commented Dr. Christian Marsolais, Vice-President, Clinical Research and Medical Affairs. "We are hoping to demonstrate that the increase of muscle mass by tesamorelin will have a positive impact on the functionality of the COPD patients with muscle wasting," he concluded.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA*® (tesamorelin for injection), was approved by the United

States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement executed in October 2008. In addition, the Company has signed distribution and licensing agreements with a subsidiary of Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer Internacional S.A. granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information about the Company is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 ability to begin the clinical trials on time and the estimated length of the clinical trials, that the clinical program outlined in treating patients with muscle wasting in COPD will be successful in building lean body mass and that our assumptions of the market size are accurate . 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 future or conditional tenses 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 risk that the results of the administration of tesamorelin for muscle wasting in COPD patients differ from those in HIV-patients suffering from excess abdominal fat associated with lipodystrophy, that the clinical trials take longer than expected and are more costly, that unexpected serious adverse events impact negatively our business, that physicians do not perceive a need to treat these patients, that our third-party manufacturers will be unable to supply tesamorelin for these studies without impacting our other programs and that the market size is smaller than anticipated.

Although the forward-looking information contained in this press release 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 materially from the forward-looking information contained in this press release. Certain assumptions made in preparing the forward-looking information include the assumption that tesamorelin will build lean body mass for patients with muscle wasting in COPD, that clinical trials will be completed on schedule and on budget, that no serious adverse events negatively impact our business, that physicians desire a treatment for those patients with muscle wasting in COPD, that relations with third-party suppliers of tesamorelin will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply tesmorelin to meet its demand and on a timely-basis and that our estimated market size is accurate.

Consequently, all of the forward-looking information contained in this press release is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on its business, financial condition or results of operation.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risks and Uncertainties" section of the Company's Management's Discussion and Analysis for the year ended November 30, 2010.

-30-

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Exhibit 99.49

News Release

Theratechnologies announces results for the 2010 fiscal year

Montréal, Canada — February 9, 2011 - Theratechnologies (TSX: TH) today announced its financial results for the fiscal year ended November 30, 2010. For reference, the Management's Discussion and Analysis ("MD&A") for the fiscal year 2010 with the associated Audited Consolidated Financial Statements can be found at www.theratech.com or at www.sedar.com.

2010 Financial Highlights

Receipt of a $25,000,000 milestone payment in November and lower R&D expenditures throughout the year strengthened the Company's cash position and contributed to record revenues and earnings in fiscal 2010.

Highlights included:

- Consolidated revenue of $31,868,000
- R&D expenses decreased 32% to $14,064,000
- Net profit of $8,930,000
- Cash and bonds of $64,550,000 at fiscal year end.

"2010 was an exceptional year for Theratechnologies," stated Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "Our success in the Food and Drug Administration ("FDA") regulatory process led to the approval of *EGRIFTA*®," he noted. "We now have a solid business and financial foundation on which to further build the Company," Mr. Huss concluded.

"With the receipt of a substantial milestone payment from our partner EMD Serono, we are entering the new year with a good cash position," said Mr. Luc Tanguay, Senior Executive Vice President & CFO of Theratechnologies. "This year, we expect to receive revenues from sales of the finished product and royalties of *EGRIFTA*® in the United States. We also expect the amount of our expenses for fiscal 2011 to be similar to those of 2010," noted Mr. Tanguay.

Financial Highlights

The financial highlights presented in this press release are taken from the Company's MD&A and Audited Consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's financial statements were previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). For more information regarding the conversion to IFRS, please refer to the heading "Conversion to IFRS" of the Company's MD&A and to note 27 of the Audited Consolidated Financial Statements, which were the Company's first consolidated financial statements prepared in accordance with IFRS.

For the 12-month period ending November 30, 2010:

Consolidated revenue for the year ended November 30, 2010 was $31,868,000, compared to $17,468,000 in 2009. The increased revenue in 2010 was related to a milestone payment of US$25,000,000 (C$25,000,000) received from EMD Serono on November 30, 2010 associated with the satisfaction of the condition of approval of *EGRIFTA*® by the FDA. In fiscal 2009, a payment of US$10,000,000 (C$10,884,000) was received from EMD Serono following the acceptance by the FDA of the Company's New Drug Application ("NDA") for *EGRIFTA*® in conformity with the collaboration and licensing agreement with EMD Serono.

Research and development ("R&D") expenses, net of tax credits, amounted to $14,064,000 for the year ended November 30, 2010 compared to $20,810,000 in 2009, a decrease of 32.4%. The

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majority of R&D expenses incurred in fiscal 2010 are related to follow-up on work derived from the regulatory filing with the FDA, notably responding to the FDA's questions, and preparation for the FDA Advisory Committee meeting. In fiscal 2009, the expenses were principally associated with completing the Phase 3 clinical trials evaluating tesamorelin in HIV-associated lipodystrophy and the preparation of the NDA, which was submitted to the FDA in May 2009. The significant decline in R&D expenses was in accordance with the Company's projected R&D expenses for fiscal 2010.

Cost of Sales

In fiscal 2010, the Company began producing, through its third-party suppliers, inventories in anticipation of the launch of *EGRIFTA®* in the United States. Cost of sales in fiscal 2010 related to this activity amounted to $469,000 which includes a charge of $192,000, in order to value the inventories at their net realizable value. This write-down was due to raw materials that were not originally bought under the conditions of the Company's current long-term procurement agreements. Cost of sales also included unallocated costs related to the production fees associated with the start-up of the manufacturing process.

General and administrative expenses amounted to $8,002,000 for the year ended November 30, 2010, compared to $6,543,000 for the same period in fiscal 2009. The higher expenses in 2010 are primarily due to the cost and expenses associated with professional fees for the recruitment of the new President and Chief Executive Officer, increased corporate communication associated with the FDA Advisory Committee meeting and FDA approval, and conversion of the financial statements to IFRS, as well as costs and expenses related to variation in share-based compensation expenses. The expenses for the year ended November 30, 2009, include the costs associated with the revision of the Company's three-year business plan which were not repeated in fiscal 2010.

Selling and market development expenses amounted to $2,670,000 for the year ended November 30, 2010 compared to $6,862,000 in fiscal 2009. The selling and market development expenses in fiscal 2010 are principally composed of business development and market research expenses outside the United States and the costs of managing the agreement with EMD Serono. In fiscal 2009, expenses totaling $4,269,000 were incurred in connection with professional fees related to the transaction with EMD Serono.

Net Financial Income

For the year ended November 30, 2010, interest income was $1,562,000 compared to $2,123,000 in fiscal 2009. The year-over-year decline is due to lower average cash positions and a decrease in yield on the Company's bond portfolio. Receipt of the $25,000,000 milestone payment from EMD Serono in November 2010 strengthened the Company's cash position to a level comparable to that of year-end 2009. Finance costs in fiscal 2010 were a gain of $493,000 compared to an expense of $661,000 in fiscal 2009. Finance costs in fiscal 2010 benefited from a net foreign currency gain of $511,000 compared to a net foreign currency loss of $635,000 in 2009.

Net profit was $8,930,000 for the 2010 fiscal year compared to a net loss of $15,156,000 in 2009.

Financial Position

At November 30, 2010, cash and bonds amounted to $64,550,000, and tax credits and grants receivable amounted to $332,000, for a total of $64,882,000. The cash flow from operating activities, excluding changes in operating assets and liabilities, was $11,160,000 for fiscal 2010 compared to a use of cash of $13,547,000 for the same period in 2009. The cash flow generated in fiscal 2010 is principally related to payments received under the agreement with EMD Serono as well as decreases in R&D expenses and in selling and market development expenses.

About Theratechnologies

Theratechnologies (TSX: TH) is a specialty pharmaceutical company that discovers and develops innovative therapeutic peptide products, with an emphasis on growth-hormone releasing factor peptides. Its first product, *EGRIFTA®* (tesamorelin for injection), was approved by the United

States Food and Drug Administration in November 2010. To date, *EGRIFTA*® is the only approved therapy for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy.

EGRIFTA® is currently marketed in the United States by EMD Serono pursuant to a collaboration and licensing agreement entered into by the Company and EMD Serono in October 2008. In addition, the Company has signed distribution and licensing agreements with Sanofi-aventis granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Latin America, Africa and the Middle East and with Ferrer granting them the exclusive commercialization rights for *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe, Russia, South Korea, Taiwan, Thailand and certain central Asian countries.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information about the Company is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 preparation and filing of applications seeking regulatory approval of *EGRIFTA*® in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in various territories outside of the United States, the revenue to be generated as a result of sales of *EGRIFTA*® to EMD Serono and the receipt of royalties from EMD Serono in connection with the sale of *EGRIFTA*® in the United States. 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 future or conditional tenses 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 are described under the section "Risks and Uncertainties" of the MD&A for the year ended November 30, 2010 and include, but are not limited to, the risk that *EGRIFTA*® is not approved in all or some of the territories referred to in the MD&A, the revenue and royalties we expect to generate from sales of *EGRIFTA*® is lower than anticipated, the supply of *EGRIFTA*® to our commercial partners is delayed or suspended as a result of problems with our suppliers, *EGRIFTA*® is withdrawn from the market as a result of defects or recalls, our intellectual property is not adequately protected and our liquidity level decreases based on unexpected activities that must be carried out in order to achieve our business plan.

Although the forward-looking information contained in this press release 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 materially from the forward-looking information contained in this press release. Certain assumptions made in preparing the forward-looking information include the assumption that tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy will receive approval in the territories referred to in this press release, no additional clinical studies will be required to obtain said regulatory approval of tesamorelin, *EGRIFTA*® will be accepted by the marketplace in the United States and will be on the list of reimbursed drugs by third-party payers, relations with third-party suppliers of *EGRIFTA*® will be conflict-free and that such third-party suppliers will have enough capacity to manufacture and supply *EGRIFTA*® to meet its demand and on a timely-basis and that the Company's business plan will not be substantially modified.

Consequently, all of the forward-looking information contained in this press release is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on its business, financial condition or results of operation.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risks and Uncertainties" section of the Company's MD&A for the year ended November 30, 2010.

-30-

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News Release

Theratechnologies and Ferrer Announce a Distribution & Licensing Agreement for Tesamorelin in Europe

Montréal, Canada and Barcelona, Spain — February 3, 2011 —Theratechnologies (TSX: TH) and Ferrer Internacional S.A. ("Ferrer") announced today that they have entered into a distribution and licensing agreement providing Ferrer with the commercialization rights to tesamorelin in Europe, Russia, South Korea, Taiwan and certain central Asian countries for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Ferrer is a privately-held international pharmaceutical company based in Barcelona, Spain, which operates in over 60 countries.

Terms of the Agreement

Under the terms of the agreement, Ferrer will be responsible for conducting all regulatory and commercialization activities in connection with tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories subject to the agreement. Theratechnologies will be responsible for the manufacture and supply of tesamorelin to Ferrer. Ferrer will purchase tesamorelin at a transfer price equal to the higher of a significant percentage of the net selling price and a predetermined floor price. Theratechnologies has the option to co-promote tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in the territories. Theratechnologies has kept all development rights to tesamorelin for other indications and will be responsible for conducting research and development for any additional programs. Ferrer has the option to enter into a co-development and commercialization agreement using tesamorelin relating to any such new indications. The terms and conditions of such a co-development and commercialization agreement will be negotiated based on any additional program chosen for development.

"With signed partnerships in the major markets, we have met our corporate objectives and have positioned Theratechnologies extremely well for future growth," commented Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "In 2010, Ferrer had over $1 billion in sales and was amongst the fastest growing pharmaceutical companies in Europe with a 16% growth rate in international sales," continued Mr. Huss. "Furthermore, Ferrer's regulatory expertise has resulted in many European active registration dossiers which I believe will be an important driver to the future success of tesamorelin in Europe. Undoubtedly, Ferrer's dynamism and strong collaborative spirit will be important in the commercial success of tesamorelin in these regions. I am assured that with Ferrer at our side, patients in these territories will have access to tesamorelin as rapidly as possible," concluded Mr. Huss.

"Market trends are clear," said Jordi Ramentol, CEO of Ferrer, "the future will be determined by the ability of new treatments to address unmet clinical needs and tesamorelin is an excellent example of such an approach. We are excited about this opportunity to sign this agreement with Theratechnologies for the commercialization of tesamorelin in these territories," commented Mr. Ramentol. "It is also of great pride to

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be able to offer tesamorelin, upon approval, to healthcare professionals and patients," concluded Mr. Ramentol.

Conference Call and Webcast

The Company will hold a conference call and webcast February 3 at 8:30 a.m. to discuss this strategic agreement . To participate, please dial: 1-416-981-9017 or 1-800-738-1032 (toll free). Please dial-in five minutes prior to the teleconference in order to ensure your participation. The webcast will be available on the Company's website at http://www.theratech.com or at http://www.gowebcasting.com/2192. A replay of the conference call will be available from 10:30 a.m. today, February 3, 2011, until February 17, 2011 at 11:59 p.m. at the following number: 1-416-626-4100, pass code 21510203# or 1-800-558-5253, pass code 21510203#. The webcast will be posted for 15 days at the link indicated above.

About tesamorelin

Tesamorelin is an analogue of the human growth hormone releasing factor ("GRF") shown to reduce excess abdominal fat in HIV-infected patients with lipodystrophy. GRF is a hypothalamic peptide that acts on the pituitary cells in the brain to stimulate the synthesis and release of endogenous growth hormone. Tesamorelin is approved for sale for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States alone and in no other country, including Canada. Tesamorelin is being exclusively commercialized in the United States by EMD Serono under the brand name *EGRIFTA®*.

About HIV-Associated Lipodystrophy

Several factors, including a patient's antiretroviral drug regimen and the HIV virus itself, are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes. The changes in body composition may include accumulation of excess abdominal fat accumulation, which is known as abdominal lipohypertrophy.

About Theratechnologies

Theratechnologies (TSX:TH) is a biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides. The Company targets unmet medical needs in specialty markets where its commercialization strategy is to retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, an analogue of the human growth hormone releasing factor, was recently approved by the U.S. Food and Drug Administration as the only treatment for excess abdominal fat in HIV-infected patients with lipodystrophy. Tesamorelin is being exclusively commercialized in the United States by EMD Serono for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy under the brand name *EGRIFTA®*. Theratechnologies granted the exclusive distribution rights to tesamorelin in Latin America, Africa and the Middle East to sanofi-aventis for the treatment of excess abdominal fat in HIV-infected patient with lipodystrophy.

For more information on Theratechnologies, please visit www.theratech.com

About Grupo Ferrer

Grupo Ferrer is a privately-held European R&D-based pharmaco-chemical and medical device company headquartered in Barcelona, Spain. Founded in 1959, the

group encompasses today 45 companies developing its activities in Europe, Latin America, Africa, Middle East, Asia and the United States. In total, Ferrer's human healthcare products are being commercialized in 93 countries through 26 direct subsidiaries (including Joint Ventures) and 70 partners and distributors.

Ferrer carries out activities throughout the full value chain of the pharma business, from R&D to international marketing, including fine chemicals development and both raw material and pharmaceutical product manufacturing. For this purpose, Ferrer Grupo has research centres in Spain and Germany, as well as manufacturing sites in Europe and Latin America.

Ferrer's regulatory expertise has resulted in more than 400 active registration dossiers in Europe, including high added-value products for orphan and life-threatening diseases.

The aim of Ferrer's corporate strategy is to establish alliances and long-term relationships with biotechnology and pharmaceutical companies within its strategic therapeutic areas. The company holds a long track record of agreements signed with big multinationals as well as with medium size pharmaceutical companies and small biotech or R&D base companies.

Ferrer also has in its portfolio a range of products that provide an excellent level of synergy with tesamorelin. In the area of HIV, the company currently commercializes Targretin (bexarotene) and Panretin (alitretinoin), in respiratory, Oslif (indacaterol) for COPD and Aeriseal for emphysema, and various products in metabolism (diabetes, bone metabolism and dyslipidemias). The company has experience with high value-added products, for very specific indications (i.e., Remodulin for PPH) that may have specific requirements in terms of administration (injectables, subcutaneous pumps, etc.) and that require a cold chain distribution (i.e. Aeriseal).

For more information on Ferrer, please visit www.ferrergrupo.com.

Theratechnologies' Forward-Looking Information

This press release 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 growth of Theratechnologies, the regulatory approval of tesamorelin for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy in Europe and in the other territories mentioned herein, and the commercialization of tesamorelin in Europe.

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. The assumptions used in making such forward-looking information include, among others, that regulatory agencies in countries outside of the United States will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, and that Ferrer will be successful in the commercialization of tesamorelin in Europe for the reduction of excess abdominal fat in HIV-infected patients with lipodystrophy. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by regulatory agencies outside of the United States, or even if approved, the risk that

tesamorelin is not accepted by the marketplace where it will be commercialized and as such, results in weak sales of the product which may impact the Company's growth.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

-30-

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News Release

FOR IMMEDIATE RELEASE
Attention Business/Financial Editors and Analysts

Notice of Conference Call: Theratechnologies Announces a Partnership Agreement

Montréal, Canada — February 2, 2011 — Theratechnologies (TSX:TH) advises of an upcoming conference call and webcast to discuss the signing of a partnership agreement for tesamorelin. The call will be moderated by Dr. Andrea Gilpin, Vice President, IR & Communications, at Theratechnologies. Mr. John-Michel T. Huss, President and CEO, will lead the call and Mr. Luc Tanguay, Senior Executive Vice President and Chief Financial Officer, will also be participating.

The conference call will take place tomorrow, Thursday, February 3, at 8:30 a.m. (Eastern Standard Time). Prior to the call, a press release will be issued at approximately 8:00 a.m.

February 3, 2011 Conference Call and Webcast

For the conference call, interested participants are asked to dial the following numbers:
1-416-981-9017 or 1-800-738-1032 (toll free). Please call five minutes prior to the conference in order to ensure your participation. You can access the webcast at the following links: http://www.gowebcasting.com/2192 and www.theratech.com.

A replay of the conference call will be available from February 3, 2011 at 10:30 a.m. to February 17, 2011 at 11:59 p.m. at the following number: 416-626-4100, pass code 21510203 or 1-800-558-5253, code 21510203 #. The webcast will be posted for 15 days at the following links: http://www.gowebcasting.com/2192 and www.theratech.com.

About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides. The Company targets unmet medical needs in specialty markets where its commercialization strategy is to retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, an analogue of the human growth hormone releasing factor, was recently approved by the U.S. Food and Drug Administration as the only treatment for excess abdominal fat in HIV-infected patients with lipodystrophy. Tesamorelin is being exclusively commercialized in the U.S. by EMD Serono under the brand name *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Theratechnologies granted the exclusive distribution rights to tesamorelin in Latin America, Africa and the Middle East to sanofi-aventis for the treatment of excess abdominal fat in HIV-infected patient with lipodystrophy.

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News Release

THERATECHNOLOGIES ANNOUNCES A DISTRIBUTION AND LICENSING AGREEMENT FOR *EGRIFTA*® IN LATIN AMERICA, AFRICA AND THE MIDDLE EAST WITH SANOFI-AVENTIS

Montréal, Canada — December 6, 2010 —Theratechnologies (TSX: TH) announced today that a distribution and licensing agreement was signed with sanofi-aventis ("Sanofi"), for the commercialization rights to *EGRIFTA*® (tesamorelin for injection) in Latin America, Africa and the Middle East for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Terms of the Agreement

Under the terms of the Agreement, Theratechnologies will be responsible to supply *EGRIFTA*® to Sanofi. Sanofi will buy *EGRIFTA*® from Theratechnologies at an undisclosed selling price. Theratechnologies has kept all future development rights to *EGRIFTA*® and will be responsible for conducting research and development for any additional programs. Sanofi will be responsible to conduct all regulatory activities in the aforementioned territories in connection with *EGRIFTA*® for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, including seeking the approval of *EGRIFTA*® in the different countries. Theratechnologies granted Sanofi an option to commercialize *EGRIFTA*® in the aforementioned countries for other uses.

"Having worked in the sanofi-aventis group for the last 11 years, I am confident that this collaboration will be a strong and fruitful one for both of us. Building long-lasting mutually beneficial relationships will be a key to success for Theratechnologies. This is another critical step towards bringing value to our shareholders and further demonstrates our ability to execute our business plan," commented Mr. John-Michel T. Huss, President and CEO of Theratechnologies. "Sanofi's strong foothold and knowledge in these countries are invaluable assets to lead the submission process to the various regulatory agencies. Moreover, Sanofi's extensive commercialization experience, which I know of first-hand, will be an important aspect of providing market access to *EGRIFTA*® as rapidly as possible," concluded Mr. Huss.

"The structure of this agreement clearly emphasizes that we believe strongly in the potential of *EGRIFTA*® in these territories," noted Mr. Luc Tanguay, Senior Executive Vice President and CFO of Theratechnologies. "This transaction is structured for Theratechnologies to receive a fair percentage of the selling price which will have a direct effect on our recurring revenues, and on the bottom-line, as we do not need to directly increase our expenses in order to achieve these revenues," concluded Mr. Tanguay.

Conference Call and Webcast

The Company will hold a conference call and webcast today at 8:30 a.m. to discuss this strategic agreement . To participate, please dial: 1-416-981-9000 or 1-800-785-6380 (toll free). Please dial-in five minutes prior to the teleconference in order to ensure your participation. The webcast will be available on the Company's website at http://www.theratech.com and at http://www.gowebcasting.com/2144.

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A replay of the conference call will be available from 10:30 a.m. today, December 6, 2010, until December 20, 2010, at 11:59 p.m. at the following number: 1-416-626-4100, pass code 21495399# or 1-800-558-5253, pass code 21495399#. The webcast will be posted for 15 days at the link indicated above.

About *EGRIFTA*®

EGRIFTA®(tesamorelin for injection) is a synthetic analogue of the human growth hormone releasing factor ("GRF") shown to reduce visceral fat in HIV-infected patients with excess abdominal fat associated with lipodystrophy. GRF is a hypothalamic peptide that acts on the pituitary cells in the brain to stimulate the synthesis and release of endogenous growth hormone. *EGRIFTA*® is approved for sale in the United States only.

About HIV-Associated Lipodystrophy

Several factors, including a patient's antiretroviral drug regimen and the HIV virus itself, are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes. The changes in body composition may include excess abdominal fat accumulation, which is known as abdominal lipohypertrophy.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced product, tesamorelin, an analogue of the human growth hormone releasing factor, was recently approved by the U.S. Food and Drug Administration as the first and only treatment for excess abdominal fat in HIV-infected patients with lipodystrophy. Tesamorelin is being exclusively commercialized in the U.S. by EMD Serono under the brand name *EGRIFTA*®.

For more information, please visit www.theratech.com

About sanofi-aventis

Sanofi-aventis, a leading global pharmaceutical company, discovers, develops and distributes therapeutic solutions to improve the lives of everyone. Sanofi-aventis is listed in Paris (EURONEXT: SAN) and in New York (NYSE: SNY).

For more information on Sanofi-aventis, visit http://www.sanofi-aventis.com

Forward-Looking Information

This press release 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 growth of Theratechnologies.

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. The assumptions made include, among others, that regulatory agencies in countries outside of the United States will also approve *EGRIFTA*®, and that Sanofi will be successful in commercializing

EGRIFTA® in the territories outlined in this press release. These risks and uncertainties include, but are not limited to: the risk that *EGRIFTA*® is not approved by regulatory agencies outside of the United States, or the risk that the commercialization efforts for *EGRIFTA*® do not result in the expected growth of the Company.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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Exhibit 99.53

News Release

FOR IMMEDIATE RELEASE

Attention Business/Financial Editors and Analysts

NOTICE OF CONFERENCE CALL & MEDIA ADVISORY
THERATECHNOLOGIES ANNOUNCES A PARTNERSHIP AGREEMENT

Montréal, Canada — December 5, 2010 — Theratechnologies (TSX:TH) advises of an upcoming conference call and webcast to discuss the signing of a partnership agreement for EGRIFTA®. The call will be moderated by Dr. Andrea Gilpin, Vice President, IR & Communications, at Theratechnologies. Mr. John-Michel T. Huss, President and CEO, will lead the call and Mr. Luc Tanguay, Senior Executive Vice President and Chief Financial Officer, will also be participating. The conference call will take place tomorrow, Monday, December 6, at 8:30 a.m. (Eastern Standard Time). Prior to the call, a press release will be issued at approximately 8:00 a.m.

December 6, 2010 Conference Call and Webcast

For the conference call, interested participants are asked to dial the following numbers:

1-416-981-9000 or 1-800-785-6380 (toll free). Please call five minutes prior to the conference in order to ensure your participation. You can access the webcast at the following links: http://www.gowebcasting.com/2144 and www.theratech.com.

A replay of the conference call will be available from December 6, 2010 at 10:30 a.m. to December 20, 2010 at 11:59 p.m. at the following number: 416-626-4100, pass code 21495399 or 1-800-558-5253, code 21495399 #. The webcast will be posted for 15 days at the following links: http://www.gowebcasting.com/2144 and www.theratech.com.

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Theratechnologies plans early adoption of International Financial Reporting Standards

Montréal, Canada — December 2, 2010 — Theratechnologies Inc. (the "**Company**") (TSX: TH) announced today that it has been granted exemptive relief from the Canadian securities regulatory authorities to prepare its November 30, 2010 financial statements in accordance with International Financial Reporting Standards ("**IFRS**") with a transition date of December 1, 2008: two financial years ahead of the mandatory conversion date for Canadian public companies. The comparative year ended November 30, 2009 will be restated from Canadian Generally Accepted Accounting Principles ("**GAAP**") to IFRS.

IFRS Conversion Plan

The Company has established a formal project plan and a detailed timetable to manage the transition. It has also allocated substantial internal resources and is working with its auditors to ensure a timely and accurate conversion. The conversion project is being monitored by senior members of the finance team which report regularly to the Audit Committee and the Board of Directors the progress of the convergence project through communication and meetings. As a result of the training program and the analysis of the differences between IFRS and Canadian GAAP affecting the Company, the Company believes that its applicable personnel have obtained an appropriate understanding of IFRS as it applies to the Company's financial reporting. While new controls are being put into place to address certain unique IFRS accounting and disclosure requirements, the Company does not anticipate comprehensive changes to its current accounting and consolidation systems, its internal controls nor its disclosure control process as a result of the conversion to IFRS.

Impact of Adoption of IFRS

IFRS are premised on a conceptual framework similar to Canadian GAAP, although significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS will not have an impact on the Company's reported net cash flows, nor will it have a material impact on its consolidated balance sheet and its statement of operations. The Company currently expects that the only significant impact of all of the differences on its December 1, 2008 opening balance sheet under IFRS compared to its November 30, 2008 balance sheet under Canadian GAAP will be in a credit to contributed surplus of approximately $200,000 with the offset to retained earnings.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, First-time Adoption of International Financial Reporting Standards (" **IFRS 1**"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides for certain optional exemptions and mandatory exceptions to this retrospective treatment. The only optional exemption available under IFRS 1 which the Company expects to apply in preparation of its first financial statements under IFRS is with respect to IFRS 2, *Share-based payments* ("**IFRS 2**"). IFRS 2 encourages application of IFRS 2, Share based payments provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company will apply IFRS 2 only to equity instruments granted after November 7, 2002 that had not vested by the date of transition.

Further optional exemptions are provided under IFRS 1. However, these exemptions will not impact our adoption of IFRS. Hindsight is not permitted to create or revise estimates. Estimates previously made by the Company under Canadian GAAP cannot be revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

Impact of IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements. However, based on its evaluation to date, the Company does not expect any changes to its accounting policies that would result in significant changes to line items within its financial statements.

The following provides a summary of the Company's evaluation of potential changes to accounting policies in key areas:

IFRS 2, Share-based Payments ("IFRS 2")

Under IFRS, when stock option awards vest gradually, each tranche is to be considered as a separate award, while under Canadian GAAP, companies can make a policy choice to consider gradually vested tranches as a single award. Similarly, the IFRS standard requires that forfeiture estimates be established at the time of the initial fair value assessment of share-based payments rather than to account for the forfeitures as they occur. Therefore, the compensation expense will have to be recognized over the expected term of each tranche and take into account the impact of the differences in accounting for forfeitures. The Company has performed its preliminary calculation and concluded that a reclassification adjustment between equity captions of approximately $200,000 will be recorded at the transition date.

IAS 36, Impairment ("IAS 36")

Under Canadian GAAP impairment standards for non-financial assets, a write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. IAS 36 requires a write-down to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use is less than carrying value. The Company has performed impairment testing as of December 1, 2008 and has concluded that there is no impairment charge under IFRS. No impairment indicators were identified for the period between the transition date and November 30, 2009. IAS 36 also permits the reversal of certain impairment charges where conditions have changed. The Company reviewed past impairment charges and concluded that there was no justification for reversal of past impairment charges.

IAS 1, Presentation of Financial Statement ("IAS 1")

Financial statement presentation is addressed in conjunction with the related IFRS standards. Certain additional disclosures will be required in the notes to the financial statements and the statement of operations will be modified to reflect a presentation by function. The Company is currently working on preliminary IFRS financial statements in accordance with IAS 1, Presentation of Financial Statements which will be completed in the last quarter of 2010.

Other Standards

Based on the results of the comparative analysis of the current IFRS with Canadian GAAP, the Company has also completed its assessment of the following standards and determined that, other than enhanced disclosures, no material adjustments would result regarding:

Property plant and equipment
Leases
Revenue recognition
Provisions, contingent assets and contingent liabilities
Foreign exchange
Intangible assets
Inventories
Employee benefits

The Company is in the process of completing its analysis of the few remaining potential differences identified, but does not expect material adjustments to be required.

The Company continues to assess the aggregate effect of adopting IFRS, and the relevant changes in accounting policies. Key milestones for the remainder of the year which are in line with the Company's plan include:

- Documenting and embedding changes to systems, business processes and internal controls, as required;
- Completion of the opening transition balance sheet;
- Preparation of detailed reconciliations of Canadian GAAP to IFRS financial statements;
- Continued training programs for the Company's finance team and other affected parties, as necessary;

- Audit Committee approval of IFRS financial statements and Management Discussion and Analysis; and
- Restate under IFRS previous interim financial statements and associated Management Discussion and Analysis filed in 2010.

Subsequent Disclosures

Further disclosures of the IFRS transition process will be presented in:

- the Company's Management's Discussion and Analysis for the interim reporting period for the third-quarter ended August 31, 2010 which will include the quantitative information regarding the impact of adopting IFRS on key line items in the interim financial statements, and in the Company's Management's Discussion and Analysis for the annual reporting period for the year ending November 30, 2010 which will include the quantitative information regarding the impact of adopting IFRS on key line items in the annual financial statements;
- the Company's first financial statements prepared in accordance with IFRS for the year ending November 30, 2010, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The annual financial statements for year ending November 30, 2010 will also include the restated 2009 financial statements for the comparative period, adjusted to comply with IFRS.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced product, tesamorelin, an analogue of the human growth hormone releasing factor, was recently approved by the U.S. Food and Drug Administration as the first and only treatment indicated to reduce excess abdominal fat in HIV-infected patients with lipodystrophy. Tesamorelin is being exclusively commercialized in the U.S. by EMD Serono under the brand name *EGRIFTA*®.

For more information, please visit www.theratech.com.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

Forward-looking statements in this press release include information being provided to allow investors and others to obtain a better understanding of the Company's IFRS transition plan and the resulting possible effects on its financial statements. This information includes statements about the timeline for the Company's conversion to IFRS, the Company's readiness to transition from current Canadian GAAP to IFRS, and the impact of the conversion to IFRS on the Company's accounting policies, financial reporting, accounting systems and business processes. Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, including, but not limited to, the impact of general economic conditions, industry conditions, risks associated with the uncertainty of clinical trials and results, currency fluctuations, dependence upon regulatory approvals, the uncertainty of obtaining additional financing , research and development risks, and comprehensive changes to its current accounting and consolidation systems, its internal controls, and its disclosure control process as a result of the conversion to IFRS. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the " **AIF**") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and

uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

Exhibit 99.55

News Release

THERATECHNOLOGIES WELCOMES THE ARRIVAL OF ITS NEW PRESIDENT AND CEO

Montréal, Canada — December 1, 2010 —Theratechnologies (TSX: TH) announced today that Mr. John-Michel T. Huss has assumed his responsibilities as the new President and Chief Executive Officer of Theratechnologies.

“This will be a stimulating change for me and I am very much looking forward to working with the Theratechnologies’ team and using my experience to advance the Company towards becoming a sustainable biotechnology company,” commented Mr. Huss, President and Chief Executive Officer of Theratechnologies. “My goal in the coming weeks will be to get to know the team and review the business plan, with the intention of meeting the investment community early next year,” he concluded.

“We are excited about John’s arrival and the Board is committed to supporting him during this transition period to ensure all goes smoothly,” commented Mr. Paul Pommier, Chairman of the Board of Directors of Theratechnologies. “As a proven leader with considerable experience in marketing, commercialization and business development, John has an impressive track record of producing results,” continued Mr. Pommier. “We’re confident that John, together with his extensive business development experience and our strong management team, will be able to maximize Theratechnologies’ revenues, and in so doing, take the Company to the next level which should benefit all of our stakeholders,” concluded Mr. Pommier.

Previously, Mr. Huss was Chief of Staff, Office of the CEO, of sanofi-aventis in Paris. Mr. Huss has over 20 years experience in the pharmaceutical industry in various international positions and was responsible for various disease areas including diabetes and metabolism. Mr. Huss began his career in 1990, at Merck & Co., Inc., primarily in sales and marketing in the U.S., Germany and Switzerland. In 1996, he was offered a position with F. Hoffman-La Roche as an International Product Manager at their Basel headquarters in Switzerland. In 1999, he joined Sanofi-Synthelabo GmbH, as Business Unit Director and held various positions of increasing responsibility in marketing and sales. He became General Manager in Switzerland in 2007. During his tenure at sanofi-aventis (Sanofi-Synthelabo merged with Aventis in 2004), he held positions in Germany, Canada, Switzerland and France. Mr. Huss completed his first university degree in Applied Linguistics in Germany and then received a MBA in the U.S., specializing in International Business.

Conference Call and Webcast

The Company will hold a conference call and webcast on Wednesday, December 1 at 10:30 a.m. to discuss Mr. Huss’ arrival at Theratechnologies. To participate, please dial: 1-416-981-9000 or 1-800-785-6380 (toll free). Please dial-in five minutes prior to the teleconference in order to ensure your participation. The webcast will be available on the Company’s website at http://www.theratech.com or at http://www.gowebcasting.com/2139. A replay of the conference call will be available from 12:30 p.m. today, December 1, 2010, until December 16, 2010 at 11:59 p.m. at the following number: 1-416-626-4100, pass code 21493110# or 1-800-558-5253, pass code 21493110#. The webcast will be posted for 15 days at the links indicated above.

About Theratechnologies

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only treatment indicated to reduce excess abdominal fat in HIV-infected patients with lipodystrophy. Tesamorelin is being exclusively commercialized in the U.S. by EMD Serono under the brand name *EGRIFTA*®.

Forward-Looking Information

This press release 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 growth of Theratechnologies.

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. The assumptions made include, among others, that regulatory agencies in countries outside of the United States will also approve *EGRIFTA*®, and that the Company will be successful in commercializing *EGRIFTA*®. These risks and uncertainties include, but are not limited to: the risk that *EGRIFTA*® is not approved by regulatory agencies outside of the United States, or the risk that the commercialization efforts for *EGRIFTA*® do not result in the expected growth of the Company.

The Company refers potential investors to the “Risks and Uncertainties” section of its Annual Information Form (the “AIF”) dated February 23, 2010. The AIF is available at www.sedar.com under the Company’s public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company’s expectations as of that date.

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Exhibit 99.56

News Release

FDA Approves *EGRIFTA*® (tesamorelin for injection): The First and Only Treatment for the Reduction of Excess Abdominal Fat in HIV-Infected Patients with Lipodystrophy

• Clinical Trials Demonstrate Reduction in VAT and Waist Circumference
• Important Milestone Payments To Be Received

Montréal, Canada — November 11, 2010 - Theratechnologies (TSX: TH) announced today that the U.S. Food and Drug Administration ("FDA") has approved *EGRIFTA*® (tesamorelin for injection) as the first and only treatment indicated to reduce excess abdominal fat in HIV-infected patients with lipodystrophy (abdominal lipohypertrophy). *EGRIFTA*®(tesamorelin for injection) was developed by Theratechnologies and will be exclusively commercialized in the U.S. by EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany, under the terms of a collaboration and licensing agreement.

There are limitations of use associated with *EGRIFTA*® (tesamorelin for injection). Since the long-term cardiovascular safety and potential long-term cardiovascular benefit of *EGRIFTA*® (tesamorelin for injection) treatment have not been studied and are not known, careful consideration should be given whether to continue *EGRIFTA*® (tesamorelin for injection) treatment in patients who do not show a clear efficacy response as judged by the degree of reduction in visceral adipose tissue ("VAT") measured by waist circumference ("WC") or CT scan. *EGRIFTA*® (tesamorelin for injection) is not indicated for weight loss management (weight neutral effect). There are no data to support improved compliance with antiretroviral therapies in HIV-positive patients taking *EGRIFTA*® (tesamorelin for injection).

"Theratechnologies is very pleased to receive marketing approval for *EGRIFTA*® from the FDA. We are one of the very few Canadian biotechnology companies to have successfully discovered, developed and brought a drug to the market on our own. This milestone represents a significant achievement which will benefit both patients and our shareholders," commented Yves Rosconi, President and CEO of Theratechnologies.

"We are confident that EMD Serono will successfully commercialize *EGRIFTA*® in the United States, given their track record and expertise with other metabolic disorders," noted Paul Pommier, Chairman of the Board of Directors of Theratechnologies. "Theratechnologies will continue to focus on signing partnerships outside of the United States in order to access additional markets for *EGRIFTA*® in HIV-infected patients with excess abdominal fat associated with lipodystrophy," Mr. Pommier concluded.

"While antiretroviral therapy is extremely important in the management of patients with HIV infection, some patients are experiencing excess abdominal fat associated with lipodystrophy, which can be difficult to manage," said Fereydoun Firouz, President and CEO, EMD Serono. "EMD Serono has maintained a commitment to advancing science and medicine in this area of unmet medical need, and it will continue to remain a focus for the organization. We are committed to making a difference in people's lives, and look forward to making *EGRIFTA*® available for patients as soon as possible. "

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In 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, for the exclusive commercialization rights to *EGRIFTA*® (tesamorelin for injection) in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Under the terms of this agreement, the FDA marketing approval is associated with milestone payments totaling US$25 million (approximately CAN$25 million). *EGRIFTA*® is the proposed brand name to be used globally.

The efficacy and safety of *EGRIFTA*® (tesamorelin for injection) was evaluated in two Phase 3 multi-center, randomized, double-blind, placebo-controlled clinical trials, which demonstrated statistically significant decreases in VAT and WC versus placebo in HIV-infected patients who suffer from excess abdominal fat associated with lipodystrophy.

The FDA has requested the following three post-marketing requirements: a long-term observational safety study for tesamorelin acetate (*EGRIFTA*®), a single vial formulation — the development of a new presentation of the same formulation, and a clinical trial to assess whether *EGRIFTA*® (tesamorelin for injection) has an impact on diabetic retinopathy in diabetic HIV-infected patients with lipodystrophy and excess abdominal fat.

“Having a FDA-approved treatment available for this condition is an important goal for the HIV population,” said Steven Grinspoon, M.D., Professor of Medicine at Harvard Medical School, Director of the Massachusetts General Hospital Program in Nutritional Metabolism, and lead investigator for *EGRIFTA*®(tesamorelin for injection) trials in the U.S. “Although lifestyle modification could be a valuable first step for HIV patients with abdominal fat accumulation, results to date from lifestyle and exercise studies have been inconsistent with respect to the reduction in abdominal lipohypertrophy. Until today, physicians did not have access to approved drug options to treat this complication,” added Dr. Grinspoon. “Having been involved in the clinical development of *EGRIFTA*® over the past 7 years, I am pleased that we have published data demonstrating that *EGRIFTA*® reduces VAT, with no adverse effects on subcutaneous adipose tissue. It is also important to monitor IGF-1 levels and impaired glucose tolerance in patients receiving *EGRIFTA*®. I am encouraged that, for the first time, patients in the United States with this serious condition will have a FDA-approved treatment option available to them,” concluded Dr. Grinspoon.

About *EGRIFTA*® (tesamorelin for injection) Phase 3 Trials

The FDA approval of *EGRIFTA*® (tesamorelin for injection) was based on two multi-center, randomized, double-blind, placebo-controlled Phase 3 studies consisting of a 26-week main phase and a 26-week extension phase of 816 HIV-infected patients with excess abdominal fat associated with lipodystrophy.

The primary endpoint of the 26-week main phase was the percent change in VAT from baseline, as assessed by computed tomography (“CT”) scan at the L4-L5 vertebral level.

In both Phase 3 studies, patients received either *EGRIFTA*® (tesamorelin for injection) or placebo for 26 weeks. Patients initially randomized to *EGRIFTA*® (tesamorelin for injection) were then re-randomized to receive either *EGRIFTA*® (tesamorelin for injection) or placebo for an additional 26-week treatment period, whereas patients receiving placebo were switched to *EGRIFTA*® (tesamorelin for injection). In the first study, at baseline, mean VAT was 178 cm^2 for the patients who received *EGRIFTA*® (tesamorelin for injection) and was 171 cm^2 for the patients who received placebo. In the second study, at baseline, mean VAT was 186 cm^2 for the patients who received *EGRIFTA*® (tesamorelin for injection) and was 195 cm^2 for the patients who received placebo. Patients treated with

EGRIFTA® (tesamorelin for injection) experienced a statistically significant least-squares mean decrease from baseline in VAT of 27 cm^2 compared to an increase of 4 cm^2 for patients on placebo [(95% CI for the mean treatment difference of -31 cm^2 (-39 cm^2, -24 cm^2)] in the first study, and a statistically significant decrease from baseline in VAT of 21 cm^2 compared to no change in VAT for patients on placebo [(95% CI for the mean treatment difference of -21 cm^2 (-29 cm^2, -12 cm^2)] in the second study during the 26-week main phase. This represents a statistically significant least-squares mean decrease from baseline in VAT of 18% for patients treated with *EGRIFTA*® (tesamorelin for injection) compared to an increase of 2% for patients on placebo [(95% CI for the mean treatment difference of -20% (-24%, -15%)] in the first study, and a statistically significant decrease from baseline of 14% for patients treated with *EGRIFTA*®(tesamorelin for injection) compared to a decrease of 2% for patients on placebo [(95% CI for the mean treatment difference of -12% (-16%, -7%)] in the second study during the 26-week main phase.

In the first study, at baseline, mean waist circumference was 104 cm for the patients who received *EGRIFTA*® (tesamorelin for injection) and was 105 cm for the patients who received placebo. In the second study, at baseline, mean waist circumference was 105 cm for the patients who received *EGRIFTA*® (tesamorelin for injection) and for the patients who received placebo. Treatment with *EGRIFTA*® (tesamorelin for injection) resulted in a statistically significant least-squares mean decrease from baseline in waist circumference of -3 cm compared to a decrease of -1 cm for patients on placebo [(95% CI for the mean treatment difference of -2 cm (-2.8 cm, -0.9 cm)] in the first study, and a statistically significant decrease from baseline of -2 cm compared to a decrease of -1 cm for patients on placebo [(95% CI for the mean treatment difference of -1 cm (-2.5 cm, -0.3 cm)] in the second study during the 26-week main phase. The decreases in VAT and waist circumference observed after 26 weeks of treatment were sustained in patients who received *EGRIFTA*® (tesamorelin for injection) over 52 weeks.

Important Risk Information

EGRIFTA® (tesamorelin for injection) is contraindicated in women who are pregnant, in patients with disruption of the hypothalamic-pituitary axis due to hypophysectomy, hypopituitarism, pituitary tumor/surgery, head irradiation or head trauma, in patients with known hypersensitivity to tesamorelin and/or mannitol (excipient) and in patients with active malignancies (either newly diagnosed or recurrent). Any preexisting malignancy should be inactive and its treatment complete prior to instituting therapy with *EGRIFTA*® (tesamorelin for injection). If pregnancy occurs, *EGRIFTA*® (tesamorelin for injection) therapy should be discontinued.

EGRIFTA® (tesamorelin for injection) induces the release of endogenous growth hormone (“GH”), a known growth factor, thus, patients with active malignancy should not be treated with *EGRIFTA*® (tesamorelin for injection). For patients with a history of non-malignant neoplasms, *EGRIFTA*® (tesamorelin for injection) therapy should be initiated after careful evaluation of the potential benefit of treatment. For patients with a history of treated and stable malignancies, *EGRIFTA*® (tesamorelin for injection) therapy should be initiated only after careful evaluation of the potential benefit of treatment relative to the risk of reactivation of the underlying malignancy. In addition, the decision to start treatment with *EGRIFTA*® (tesamorelin for injection) should be considered carefully based on the increased background risk of malignancies in HIV-positive patients.

EGRIFTA® (tesamorelin for injection) stimulates GH production and increases serum IGF-I. Given that IGF-I is a growth factor and the effect of prolonged elevations in IGF-I levels

on the development or progression of malignancies is unknown, IGF-I levels should be monitored closely during *EGRIFTA*® (tesamorelin for injection) therapy. Careful consideration should be given to discontinuing *EGRIFTA*® (tesamorelin for injection) in patients with persistent elevations of IGF-I levels (e.g., >3 SDS), particularly if the efficacy response is not robust (e.g., based on visceral adipose tissue changes measured by waist circumference or CT scan). During the clinical trials, patients were monitored every three months. Among patients who received *EGRIFTA*® (tesamorelin for injection) for 26 weeks, 47.4% had IGF-I levels greater than 2 standard deviation score (SDS), and 35.6% had SDS >3, with this effect seen as early as 13 weeks of treatment. Among those patients who remained on *EGRIFTA*®(tesamorelin for injection) for a total of 52 weeks, at the end of treatment 33.7% had IGF-I SDS >2 and 22.6% had IGF-I SDS >3.

Fluid retention may occur during *EGRIFTA*® (tesamorelin for injection) therapy and is thought to be related to the induction of GH secretion. It manifests as increased tissue turgor and musculoskeletal discomfort resulting in a variety of adverse reactions (e.g., edema, arthralgia, carpal tunnel syndrome) which are either transient or resolve with discontinuation of treatment.

EGRIFTA® (tesamorelin for injection) treatment may result in glucose intolerance. During the Phase 3 clinical trials, the percentages of patients with elevated HbA1c (6.5%) from baseline to Week 26 were 4.5% and 1.3% in the *EGRIFTA*® (tesamorelin for injection) and placebo groups, respectively. An increased risk of developing diabetes with *EGRIFTA*® (tesamorelin for injection) (HbA1c level 6.5%) relative to placebo was observed [intent-to-treat hazard ratio of 3.3 (CI 1.4, 9.6)]. Therefore, glucose status should be carefully evaluated prior to initiating *EGRIFTA*® (tesamorelin for injection) treatment. In addition, all patients treated with *EGRIFTA*® (tesamorelin for injection) should be monitored periodically for changes in glucose metabolism to diagnose those who develop impaired glucose tolerance or diabetes. Diabetes is a known cardiovascular risk factor and patients who develop glucose intolerance have an elevated risk for developing diabetes. Caution should be exercised in treating HIV-positive patients with lipodystrophy with *EGRIFTA*® (tesamorelin for injection) if they develop glucose intolerance or diabetes, and careful consideration should be given to discontinuing *EGRIFTA*® (tesamorelin for injection) treatment in patients who do not show a clear efficacy response as judged by the degree of reduction in visceral adipose tissue by waist circumference or CT scan measurements. Since *EGRIFTA*® (tesamorelin for injection) increases IGF-I, patients with diabetes who are receiving ongoing treatment with *EGRIFTA*® (tesamorelin for injection) should be monitored at regular intervals for potential development or worsening of retinopathy.

Hypersensitivity reactions may occur in patients treated with *EGRIFTA*® (tesamorelin for injection). Hypersensitivity reactions occurred in 3.6% of patients with HIV-associated lipodystrophy treated with *EGRIFTA*® (tesamorelin for injection) in the Phase 3 clinical trials. These reactions included pruritus, erythema, flushing, urticaria, and other rash. In cases of suspected hypersensitivity reactions, patients should be advised to seek prompt medical attention, and treatment with *EGRIFTA*® (tesamorelin for injection) should be discontinued immediately.

EGRIFTA® (tesamorelin for injection) treatment may cause injection site reactions, including injection site erythema, pruritus, pain, irritation, and bruising. The incidence of injection site reactions was 24.5% in *EGRIFTA*® (tesamorelin for injection)-treated patients and 14.4% in placebo-treated patients during the first 26 weeks of treatment in the Phase 3 clinical trials. For patients who continued *EGRIFTA*® (tesamorelin for injection)

for an additional 26 weeks, the incidence of injection site reactions was 6.1%. In order to reduce the incidence of injection site reactions, it is recommended to rotate the site of injection to different areas of the abdomen.

Increased mortality in patients with acute critical illness due to complications following open heart surgery, abdominal surgery or multiple accidental trauma, or those with acute respiratory failure has been reported after treatment with pharmacologic amounts of growth hormone. *EGRIFTA*® (tesamorelin for injection) has not been studied in patients with acute critical illness. Since *EGRIFTA*® (tesamorelin for injection) stimulates growth hormone production, careful consideration should be given to discontinuing *EGRIFTA*® (tesamorelin for injection) in critically ill patients.

EGRIFTA® (tesamorelin for injection) is contraindicated in pregnant women. During pregnancy, visceral adipose tissue increases due to normal metabolic and hormonal changes. Modifying this physiologic change of pregnancy with *EGRIFTA*® (tesamorelin for injection) offers no known benefit and could result in fetal harm. Tesamorelin acetate administration to rats during organogenesis and lactation resulted in hydrocephalus in offspring at a dose approximately two and four times the clinical dose, respectively, based on measured drug exposure (AUC). If pregnancy occurs, discontinue *EGRIFTA*® (tesamorelin for injection) therapy. If this drug is used during pregnancy, or if the patient becomes pregnant while taking this drug, the patient should be apprised of the potential hazard to the fetus.

Because of both the potential for HIV-1 infection transmission and serious adverse reactions in nursing infants, mothers receiving *EGRIFTA*® (tesamorelin for injection) should be instructed not to human milk-feed. It is not known whether *EGRIFTA*® (tesamorelin for injection) is excreted in human milk.

Safety and effectiveness in pediatric patients have not been established. *EGRIFTA*® (tesamorelin for injection) should not be used in children with open epiphyses, among whom excess GH and IGF-I may result in linear growth acceleration and excessive growth.

There is no information on the use of *EGRIFTA*® (tesamorelin for injection) in patients greater than 65 years of age with HIV and lipodystrophy.

Safety, efficacy, and pharmacokinetics of *EGRIFTA*® (tesamorelin for injection) in patients with renal or hepatic impairment have not been established.

The most commonly reported adverse reactions (>5% and more frequent than placebo) are arthralgia [13.1% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 11.0% of patients receiving placebo], pain in extremity [6.1% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 4.6% of patients receiving placebo], myalgia [5.5% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 1.9% of patients receiving placebo], injection site erythema [8.5% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 2.7% of patients receiving placebo], injection site pruritus [7.6% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 0.8% of patients receiving placebo], and peripheral edema [6.1% of patients receiving *EGRIFTA*® (tesamorelin for injection) and 2.3% of patients receiving placebo].

During the first 26 weeks of treatment (main phase), discontinuations as a result of adverse reactions occurred in 9.6% of patients receiving *EGRIFTA*®(tesamorelin for injection) and

6.8% of patients receiving placebo. Apart from patients with hypersensitivity reactions identified during the studies and who were discontinued per protocol (2.2%), the most common reasons for discontinuation of *EGRIFTA*®(tesamorelin for injection) treatment were adverse reactions due to the effect of GH (4.2%) and local injection site reactions (4.6%).

About *EGRIFTA*® (tesamorelin for injection)

EGRIFTA®(tesamorelin for injection) is a synthetic analogue of the human growth hormone releasing factor ("GRF") shown to reduce visceral fat in HIV-infected patients with excess abdominal fat associated with lipodystrophy. GRF is a hypothalamic peptide that acts on the pituitary cells in the brain to stimulate the synthesis and release of endogenous growth hormone.

EGRIFTA® (tesamorelin for injection) is approved for sale in the United States only.

About HIV-Associated Lipodystrophy

Several factors, including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes. The changes in body composition may include excess abdominal fat accumulation, which is known as abdominal lipohypertrophy.

Please see full prescribing information for *EGRIFTA*® (tesamorelin for injection) at www.emdserono.com.

Conference Call and Webcast

Theratechnologies will hold a conference call and webcast today at 8:30 a.m. (Eastern Standard Time) to discuss the approval of *EGRIFTA*® (tesamorelin for injection) by the FDA.

To participate, please dial: 1-416-981-9005 or 1-800-931-6427 (toll free). Please dial in five minutes prior to the conference in order to ensure your participation. The webcast will be accessible at the following links: www.gowebcasting.com/2099 and www.theratech.com/ .

A replay of the conference call will be available from 10:30 a.m. today, November 11, 2010, until November 26, 2010 at 11:59 p.m. at the following number: 1-416-626-4100, pass code 21488561# or 1-800-558-5253, pass code 21488561#. The webcast will be posted for 30 days at the links indicated above.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. Tesamorelin will be exclusively commercialized in the U.S. by EMD Serono under the brand name *EGRIFTA*®. The Company's growth strategy is centered on the commercialization of *EGRIFTA*® (tesamorelin for injection) in the United States through an agreement with EMD Serono, Inc. for the reduction of excess abdominal fat associated with lipodystrophy in HIV-infected patients. Moreover, Theratechnologies' growth strategy will also derive from the commercialization of *EGRIFTA*® (tesamorelin for injection) in

other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for *EGRIFTA*® (tesamorelin for injection) in other medical conditions.

For more information, please visit www.theratech.com

About EMD Serono, Inc.

EMD Serono, Inc., an affiliate of Merck KGaA, Darmstadt, Germany, is a leader in the US biopharmaceutical arena, integrating cutting-edge science with unparalleled patient support systems to improve people's lives. The company has strong market positions in neurodegenerative diseases, with Rebif® (interferon beta-1a), as well as in endocrinology, with Saizen® (somatropin (rDNA origin) for injection) and Serostim ® (somatropin (rDNA origin) for injection). EMD Serono is a leader in reproductive health, with Gonal-f® (follitropin alfa for injection), Luveris ® (lutropin alfa for injection) and Ovidrel ® Prefilled Syringe (choriogonadotropin alfa injection). In addition, EMD Serono is growing its expertise and presence in the area of oncology, with more than 10 projects currently in development. With a clear focus on the patient and a leadership presence in the biopharmaceutical industry, EMD Serono's US footprint continues to grow, with more than 1100 employees around the country and fully integrated commercial, clinical and research operations in the company's home state of Massachusetts.

For more information, please visit www.emdserono.com

Forward Looking Information

This press release 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 receipt of milestone payments by EMD Serono as a result of the obtaining of marketing approval for *EGRIFTA*®(tesamorelin for injection), the efficacy of *EGRIFTA*®(tesamorelin for injection) in selectively reducing VAT, the capacity of the Company to obtain regulatory approval and commercialize *EGRIFTA*®(tesamorelin for injection) in additional markets, the growth of Theratechnologies through the development of *EGRIFTA*®(tesamorelin for injection) in additional clinical programs in other medical conditions and the capacity of the Company to enter into commercial agreements with partners for the commercialization of *EGRIFTA*®(tesamorelin for injection) in additional markets. The Company disclaims any liability resulting from the statements made by EMD Serono in this press release and under the section "About EMD Serono, Inc."

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, and, accordingly, 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 risk that the Company may not receive the regulatory milestones under the collaboration and licensing agreement entered into with EMD Serono, that the administration of *EGRIFTA*®(tesamorelin for injection) does not have the same effect in reducing VAT on all patients, that *EGRIFTA*®(tesamorelin for injection) is not approved for commercial sale by regulatory agencies in geographies other than the United States, that the design of additional clinical programs may not be begun or, if begun, must be suspended, or that the Company will not find additional partners or that, if and when found, it will not be able to enter into commercialization agreements with such partners on reasonable and commercially-acceptable terms.

Certain assumptions made in preparing the forward-looking information include, among others, that EMD Serono will meet its obligations under the collaboration and licensing agreement and that the Company will receive these milestones, that patients administered with *EGRIFTA*®(tesamorelin for injection) will benefit from a reduction in VAT, that regulatory agencies in other geographies will also approve *EGRIFTA*®(tesamorelin for injection), that results from additional clinical programs will be positive, and that the Company, by itself or through third parties, will be able to commercialize *EGRIFTA*®(tesamorelin for injection) in additional markets.

All of the forward-looking information is qualified by the foregoing cautionary statements. Forward-looking information reflects current expectations regarding future events only as of the date of release of this press release. The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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Exhibit 99.57

News Release

FOR IMMEDIATE RELEASE

Attention Business/Financial Editors and Analysts

NOTICE OF CONFERENCE CALL & MEDIA ADVISORY:
THERATECHNOLOGIES ANNOUNCES FDA'S FINAL DECISION ON ITS NEW DRUG APPLICATION FOR TESAMORELIN

Montréal, Canada — November 10, 2010 — Theratechnologies (TSX:TH) advises of an upcoming conference call and webcast to discuss the final decision of the U.S. Food and Drug Administration regarding Theratechnologies' New Drug Application ("NDA"). The call will be moderated by Dr. Andrea Gilpin, Vice President, IR & Communications, at Theratechnologies. Mr. Yves Rosconi, President and CEO, Mr. Luc Tanguay, Senior Executive Vice President and Chief Financial Officer, Dr. Christian Marsolais, Vice President, Clinical Research and Medical Affairs, Dr. Martine Ortega, Vice President, Compliance and Regulatory Affairs and Mr. Pierre Perazzelli, Vice President, Pharmaceutical Development will also be participating.

The conference call will take place tomorrow, November 11, at 8:30 a.m. (Eastern Standard Time). Prior to the call, a press release will be issued at approximately 7:30 a.m.

November 11, 2010 conference call and webcast

For the conference call, interested participants are asked to dial the following numbers: 416-981-9005 or 1-800-931-6427 (toll free). Please call five minutes prior to the conference in order to ensure your participation. You can access the webcast at the following links: www.gowebcasting.com/2099 and www.theratech.com.

A replay of the conference call will be available from November 11, 2010 at 10:30 a.m. to November 26, 2010 at 11:59 p.m. at the following number: 416-626-4100, pass code 21488561# or 1-800-558-5253, code 21488561#. The webcast will be posted for 30 days at the following links: www.gowebcasting.com/2099 and www.theratech.com.

About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration ("FDA"), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States through an agreement with EMD Serono, Inc. for HIV-associated lipodystrophy. Moreover, Theratechnologies' growth strategy will also derive from the commercialization of tesamorelin in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs.

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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. The assumptions made include the assumption, among others, that the FDA will approve tesamorelin for commercial sale in the United States, that regulatory agencies in other countries will also approve tesamorelin, and that results from additional clinical programs will be positive. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by the FDA for commercial sale in the United States and/or by regulatory agencies in geographies other than the Unites States, or the risk that the design of additional clinical programs may not be begun or, if begun, must be suspended.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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News Release

THERATECHNOLOGIES ANNOUNCES THE RETIREMENT DATE FOR THE PRESIDENT AND CEO: MR. YVES ROSCONI

Montréal, Canada — October 14, 2010 —Theratechnologies (TSX: TH) announced today that following a recent meeting of its Board of Directors, it was agreed that Mr. Yves Rosconi will retire from the Company on November 30, 2010 with Mr. John-Michel T. Huss assuming his responsibilities as the new President and Chief Executive Officer on December 1, 2010. Mr. Rosconi will remain available as an advisor to the new President and Chief Executive Officer until the end of the year. Mr. Rosconi has been at the helm of Theratechnologies for the last six years and was responsible for leading the late-stage clinical program for tesamorelin in HIV-associated lipodystrophy as well as the regulatory process towards product approval in the United States. Mr. Rosconi also played an important role in signing a partnership for the exclusive commercialization rights to tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.

“While there is never a perfect time for a transition, John and I, along with the Board of Directors, have mutually agreed on this timing and feel that Theratechnologies is well positioned for the future,” noted Mr. Rosconi. “The opportunities and responsibilities of this job have been a tremendous experience for which I will always be grateful. I am proud to have served Theratechnologies and have especially enjoyed working with the Board of Directors, the investment community, Theratechnologies’ external collaborators as well as the internal team,” concluded Mr. Rosconi.

“Yves has been an excellent CEO for Theratechnologies. He was the right leader at the right time and was able to bring focus and discipline to the Company during a time when it was greatly needed. Under his direction, Theratechnologies produced results that culminated into a Company that is well positioned for growth in the future,” commented Mr. Paul Pommier, Chairman of the Board of Directors of Theratechnologies. “On behalf of the Board of Directors, I would like to thank Yves for his dedication and hard work over the past six years and wish him all the best during his retirement,” said Mr. Pommier.

About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration (“FDA”), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company’s growth strategy is centered on the commercialization of tesamorelin in the United States through an agreement with EMD Serono, Inc. for HIV-associated lipodystrophy. Moreover, Theratechnologies’ growth strategy will also derive from the commercialization of tesamorelin in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs.

Forward-looking information is based upon a number of assumptions and is subject to a number of

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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. The assumptions made include the assumption, among others, that the FDA will approve tesamorelin for commercial sale in the United States, that regulatory agencies in other countries will also approve tesamorelin, and that results from additional clinical programs will be positive. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by the FDA for commercial sale in the United States and/or by regulatory agencies in geographies other than the Unites States, or the risk that the design of additional clinical programs may not be begun or, if begun, must be suspended.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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Exhibit 99.59

Theratechnologies announces results for the third quarter 2010
Lower burn rate and solid financial position

Montréal, Canada — October 12, 2010 - Theratechnologies (TSX: TH) today announced its financial results for the third quarter ended August 31, 2010. For reference, the Management's Discussion and Analysis for the third quarter 2010 with the associated Financial Statements can be found at www.theratech.com/en/investor-relations/financial-reports-theratechnologies.php or at www.sedar.com.

Third quarter financial highlights included:

- Consolidated revenues of $2,152,000
- Burn rate of $2,629,000 and an adjusted burn rate of $4,340,000
- Liquidity of $43,933,000 as at August 31, 2010

"Operating and financial results are in line with the objectives of the Company," noted Mr. Luc Tanguay, Senior Executive Vice President & CFO of Theratechnologies. "With close to $44 million in liquidities and an adjusted burn rate 32% lower than the third quarter of 2009, we are in a good position to pursue our business plan," Mr. Tanguay added.

Financial Highlights

For the three- and nine-month periods ending August 31, 2010:

- **Consolidated revenues** amounted to $2,152,000 for the quarter and $6,673,000 for the nine-month period, compared to $13,148,000 and $17,474,000 for the corresponding periods in 2009. The higher revenues in 2009 are due to the receipt of a milestone payment of $10,884,000 in the third quarter of 2009 associated with the U.S. Food and Drug Administration ("FDA") agreement to review the New Drug Application ("NDA") for tesamorelin, pursuant to the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono").
- **Research and development ("R&D") expenses** are significantly lower than those of the previous year, reflecting the completion of the tesamorelin Phase 3 clinical program in 2009. Before tax credits, R&D expenses totalled $2,930,000 for the quarter and $11,298,000 for the nine-month period, compared to $5,681,000 and $17,692,000 for the corresponding periods in 2009, representing decreases of 48% and 36% respectively. The R&D expenses incurred in the third quarter of 2010 are mainly related to the primary objective of the Company, which is to obtain the regulatory approval of tesamorelin for the treatment excess abdominal fat in HIV-infected patients with lipodystrophy in the United States.
- **General and administrative expenses** amounted to $2,225,000 for the quarter and $6,083,000 for the nine-month period, compared to $1,337,000 and $5,515,000 for the corresponding periods in 2009. The increase in general and administrative expenses is principally due to professional fees associated with the recruitment of the new President and Chief Executive Officer, a variation in stock-based compensation expense and foreign exchange rate fluctuations. The higher expenses in the nine-month period are principally due to heightened communication activities related to the FDA Advisory Committee meeting as well as an increase in other administrative expenses partially offset by a reduction in the loss on foreign exchange. The increase for the nine-month period is less, in relative terms, than that of the third quarter because of costs associated with revising the Company's business plan incurred in early 2009.

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- **Selling and market development expenses** amounted to $521,000 for the quarter and $1,901,000 for the nine-month period compared to $495,000 and $1,516,000 for the corresponding periods in 2009. The increase in the selling and market development expenses is principally due to business development and market research studies for territories outside the United States. These expenses also include activities associated with the management of the collaboration and licensing agreement with EMD Serono.
- **Net loss** recorded by the Company was $3,277,000, representing $0.05 per share for the quarter and $12,367,000 representing $0.20 per share for the nine-month period compared to net earnings of $5,824,000 representing $0.10 per share and a net loss of $10,360,000 representing $0.17 per share for the corresponding periods in 2009. The profit recorded in the third quarter of 2009 was due to the receipt of a milestone payment of $10,884,000 associated with the FDA's agreement to review the NDA for tesamorelin, pursuant to the collaboration and licensing agreement with EMD Serono.
- **Financial Position**
  - At August 31, 2010, liquidities, which include cash and bonds, amounted to $43,419,000, and tax credits receivable amounted to $514,000, for a total of $43,933,000.
  - The burn rate from operating activities, excluding changes in operating assets and liabilities, was $2,629,000 in the quarter and $10,877,000 for the nine-month period compared to a cash flow of $6,186,000 and a burn rate of $9,214,000 for the corresponding periods in 2009. Excluding the revenues and fees associated with the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,340,000 in the quarter and $16,011,000 for the nine-month period compared to $6,410,000 and $20,678,000 for the corresponding periods in 2009.
  - In light of a lower expense level and cost control measures, the Company anticipates that the adjusted burn rate for 2010 will be between $22,000,000 and $23,000,000, and thus will be less than the initially forecasted adjusted burn rate of $24,000,000.

Non-GAAP Measures

The Company uses measures that do not conform to Canadian Generally Accepted Accounting Principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results. *Please refer to the Management's Discussion and Analysis for the three- and nine-month periods ended August 31, 2010 for more details on how these non-GAAP measures are calculated.*

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application ("NDA") to the U.S. Food and Drug Administration ("FDA"), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States through an agreement with EMD Serono, Inc. for HIV-associated lipodystrophy. Moreover, Theratechnologies' growth strategy will also derive from the commercialization of tesamorelin in

other markets for HIV-associated lipodystrophy, as well as from the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 potential decrease in the adjusted burn rate for 2010, the growth strategy of the Company by way of the commercialization of tesamorelin in the U.S. market as well as in other markets, and the development of tesamorelin for the treatment of other medical conditions. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that unexpected expenses increase the adjusted burn rate, that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company is unable to commercialize tesamorelin in other markets because, among other reasons, the non-approval of tesamorelin in those markets or the non-acceptance of the product in those markets, and that the results of clinical studies for the development of tesamorelin for the treatment of other medical conditions are inconclusive, resulting in the termination of these studies.

Although the forward-looking information 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, among others, that the FDA and regulatory agencies in other countries will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States and in other markets will be successful, and that the results of clinical studies for the development of tesamorelin for the treatment of other medical conditions will be conclusive.

Consequently, all of the forward-looking information 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, its financial condition or its results of operations. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risks and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

- 30 -

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News Release

Theratechnologies to present at BioContact Québec

Montréal, Canada, October 5, 2010 — Theratechnologies (TSX:TH) announced today that Yves Rosconi, President and Chief Executive Officer, will present a corporate overview of the Company on Wednesday, October 6, 2010,at 2:30 p.m., at BioContact Québec. The event is being held at the Château Frontenac Hotel in Quebec City. BioContact Québec is a biopharmaceutical partnership symposium attended by over 800 participants.

About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration ("FDA"), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States through an agreement with EMD Serono, Inc. for HIV-associated lipodystrophy. Moreover, Theratechnologies' growth will also derive from the commercialization of tesamorelin in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs.

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. The assumptions made include the assumption, among others, that the FDA will approve tesamorelin for commercial sale in the United States, that regulatory agencies in other countries will also approve tesamorelin, and that results from additional clinical programs will be positive. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by the FDA for commercial sale in the United States and/or by regulatory agencies in geographies other than the Unites States, or the risk that the design of additional clinical programs may not be begun or, if begun, must be suspended.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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-30-

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News Release

Theratechnologies to present at UBS Global Life Sciences Conference

Montréal, Canada, September 20, 2010 — Theratechnologies (TSX:TH) announced today that Yves Rosconi, President and Chief Executive Officer, will present a corporate overview of the Company, on Wednesday, September 22, at 10:00 a.m., at the 2010 UBS Global Life Sciences Conference. The event is being held at the Grand Hyatt Hotel in New York City.

About Theratechnologies

Theratechnologies (TSX:TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration ("FDA"), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States through an agreement with EMD Serono, Inc. for HIV-associated lipodystrophy. Moreover, Theratechnologies' growth will also derive from the commercialization of tesamorelin in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs.

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. The assumptions made include the assumption, among others, that the FDA will approve tesamorelin for commercial sale in the United States, the Company will enter into agreements with partners in geographies other than the United States and that results from additional clinical programs will be positive. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by the FDA for commercial sale in the United States, the risk that the Company is unable to conclude agreements with partners relating to tesamorelin in geographies other than the Unites States, or the risk that the design of clinical programs may not be begun or, if begun, must be suspended.

The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

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-30-

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Exhibit 99.62

News Release

THERATECHNOLOGIES: TESAMORELIN DATA PRESENTED AT THE INTERSCIENCE CONFERENCE ON ANTIMICROBIAL AGENTS AND CHEMOTHERAPY 50TH ANNUAL MEETING

Montréal, Canada — September 13, 2010 —Theratechnologies (TSX: TH) presented two scientific posters regarding tesamorelin, an investigational growth hormone-releasing factor being evaluated for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy and currently under regulatory review by the U.S. Food and Drug Administration, at the 50th Annual Interscience Conference on Antimicrobial Agents and Chemotherapy ("ICAAC") meeting, in Boston, from Sunday, September 12, to Wednesday, September 15.

The first poster is entitled "Reduction in Visceral Adipose Tissue ("VAT") with Tesamorelin Correlates with Changes in Anthropometric, and Patient-Reported Outcome Parameters in HIV-infected Patients with Excess Abdominal Fat" and describes the correlations between VAT, waist circumference and body image parameters in tesamorelin-treated patients.

The second poster is entitled "Efficacy and Long-Term Safety of Tesamorelin, a Growth Hormone-Releasing Factor Analogue, in Sub-Populations of HIV-Infected Patients with Excess Abdominal Fat" and describes the efficacy and safety of tesamorelin among different sub-populations of HIV-infected patients with excess abdominal fat.

Both posters were presented at the ICAAC poster session which took place on Sunday, September 12, from 11:30 a.m. to 1:30 p.m., and are now available on Theratechnologies' website at www.theratech.com

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes. The changes in body composition may include excess abdominal fat accumulation, which is known as abdominal lipohypertrophy. There is currently no approved treatment available for excess abdominal fat in HIV-infected patients with lipodystrophy.

About Theratechnologies

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the commercialization of tesamorelin in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs.

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. The assumptions made include the assumption, among others, that the FDA will approve tesamorelin for commercial sale in the United States, the Company will enter into agreements with partners in geographies other than the United States and that results from additional clinical programs will be positive. These risks and uncertainties include, but are not limited to: the risk that tesamorelin is not approved by the FDA for commercial sale in the United States, the risk that the Company is unable to conclude agreements with partners relating to tesamorelin in geographies other than the Unites States, or the risk that the design of clinical programs may not be begun or, if begun, must be suspended.

The Company refers potential investors to the “Risks and Uncertainties” section of its Annual Information Form (the “AIF”) dated February 23, 2010. The AIF is available at www.sedar.com under the Company’s public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements. Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company’s expectations as of that date.

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Exhibit 99.63

News Release

Theratechnologies is pleased to announce the appointment of a new president and CEO

Montréal, Canada — September 1, 2010 —Theratechnologies (TSX: TH) announced today the appointment of Mr. John-Michel T. Huss as President and Chief Executive Officer of the Company. Mr. Huss will assume his responsibilities in the coming months.

Until recently, Mr. Huss was Chief of Staff, Office of the CEO, of Sanofi-Aventis in Paris. Mr. Huss has over 20 years experience in the pharmaceutical industry in various international positions and was responsible for various disease areas including diabetes and metabolism. Mr. Huss began his career in 1990, at Merck & Co., Inc. primarily in sales and marketing in the U.S., Germany and Switzerland. In 1996, he was offered a position with F. Hoffman-La Roche as an Internal Product Manager at their Basel headquarters in Switzerland. In 1999, he joined Sanofi-Synthélabo GmbH, as Business Unit Director and has held various positions of increasing responsibility in marketing and sales. He became General Manager in Switzerland in 2007. During his tenure at Sanofi-Aventis (Sanofi-Synthélabo merged with Aventis in 2004) he held positions in Germany, Canada, Switzerland and France. Mr. Huss completed his first University degree in Applied Linguistics in Germany and then received an MBA in the U.S., specializing in International Business.

“I am honoured to have been chosen as Theratechnologies’ President and CEO. The Company has done an outstanding job of developing an exciting new compound, tesamorelin, and navigating it through the final regulatory stages of the drug development process,” commented Mr. Huss. “I very much look forward to joining Theratechnologies at this stage of development in order to grow it into a significant biopharmaceutical company,” he concluded.

“Mr. Huss is a highly accomplished leader that will complement the existing management team very nicely,” commented Mr. Paul Pommier, Chairman of the Board of Directors of Theratechnologies. “We are delighted to welcome Mr. Huss to Theratechnologies’ management team and look forward to supporting him as he takes the business forward, capitalizing on his wealth of commercialization experience. The appointment marks a new exciting era for Theratechnologies as we look to grow the Company to the next level,” concluded Mr. Pommier.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration (“FDA”), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company’s growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.64

News Release

Theratechnologies to present at both BMO and Canaccord Genuity Conferences

Montréal, Canada — August 2, 2010 - Theratechnologies (TSX: TH) announced today that the Company will present corporate overviews at the BMO Capital Markets Focus on Healthcare Conference and the 30th Annual Canaccord Genuity Global Growth Conference, both being held in the coming weeks.

The BMO presentation will be made by Dr. Andrea Gilpin, Theratechnologies' Vice President, Investor Relations and Communications, and will take place on August 5, at 1:15 p.m., at the Sheraton New York Hotel & Towers in New York City. The Canaccord Genuity presentation will be made by Mr. Yves Rosconi, Theratechnologies' President and Chief Executive Officer, and will take place on August 11, at 5:00 p.m., at the InterContinental in Boston.

About Theratechnologies

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- 30 -

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News Release

Theratechnologies receives a motion of authorization to institute a class action

Montréal, Canada — July 26, 2010 - Theratechnologies (TSX: TH) announced today that it has received from 121851 Canada Inc., formerly a shareholder of the Company, a motion of authorization to institute a class action against the Company and certain of its executive officers. This motion was filed in the Superior Court of Quebec, district of Montreal. This person intends to initiate a class action to represent the class of persons who were shareholders at May 21, 2010 and who sold their common shares of the Company on May 25 or 26, 2010. This person alleges that Theratechnologies did not comply with its continuous disclosure obligations as a reporting issuer by failing to disclose a material change. Theratechnologies is of the view that the allegations contained in the motion are frivolous and entirely without merit and intends to take all appropriate actions to vigorously defend its position.

About Theratechnologies

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-30-

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Exhibit 99.66

News Release

Update on timeline for FDA Action Date for Theratechnologies' tesamorelin New Drug Application

Montréal, Canada — July 20, 2010 - Theratechnologies (TSX: TH) announced today that it has received feedback from the U.S. Food and Drug Administration ("FDA" or the "Agency") regarding the timeline to review tesamorelin's New Drug Application for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The FDA has indicated that the review is progressing well. The Company now expects to have an official response in the fourth quarter of 2010. Theratechnologies and the Agency continue the positive and constructive dialogue regarding the regulatory process for tesamorelin.

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat in HIV-infected patients with lipodystrophy.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA and the timeline by which a response will be provided by the FDA to the Company regarding its New Drug Application. 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 the risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy or that the timeline regarding an official response be delayed. Certain assumptions made in preparing the forward-looking information include, among others, that the Company and the FDA will review on a timely basis the exchange of information between each of them, that the discussions will remain positive and that the FDA will approve tesamorelin. All of the

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forward-looking information 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. Forward-looking information reflects current expectations regarding future events only as of the date of release of this press release. Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

-30-

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Exhibit 99.67

Second Quarter 2010: Theratechnologies Reports Lower Burn Rate and Good Financial Position

Montréal, Canada — July 7, 2010 - Theratechnologies (TSX: TH) today announced its financial results for the second quarter ended May 31, 2010. For reference, the complete Management's Discussion and Analysis with the associated Financial Statements can be found at www.theratech.com/en/investor-relations/financial-reports-theratechnologies.php or www.sedar.com.

Second quarter financial highlights included:

- Consolidated revenues of $2,226,000
- Burn rate of $4,387,000, a year-over-year decrease of 12% (adjusted burn rate of $6,098,000)
- Liquidity of $51,050,000 at May 31, 2010

"Operating and financial results are in line with the objectives of the Company," noted Mr. Luc Tanguay, Senior Executive Vice President & CFO of Theratechnologies. "With liquidities in excess of $50 million and a lower burn rate over the previous year, we are in a good position to pursue our business plan," Mr. Tanguay added.

Financial Highlights

For the three-month and six-month periods ending May 31, 2010:

- **Consolidated revenues** amounted to $2,226,000 for the quarter and $4,521,000 for the six-month period, compared to $2,317,000 and $4,326,000 for the corresponding periods in 2009.
- **Research and development ("R&D") expenses** are significantly lower than those of the previous year, reflecting the completion of the tesamorelin Phase 3 clinical program in 2009. Before tax credits, R&D expenses totalled $4,259,000 for the quarter and $8,368,000 for the six-month period, compared to $5,696,000 and $12,011,000 for the corresponding periods in 2009, representing decreases of 25% and 30% respectively. The R&D expenses incurred in the second quarter of 2010 are mainly related to the primary objective of the Company, which involves the regulatory activities connected with the preparation for the U.S. Food and Drug Administration ("FDA") Advisory Committee meeting.
- **General and administrative expenses** amounted to $2,057,000 for the quarter and $3,858,000 for the six-month period, compared to $1,857,000 and $4,178,000 for the corresponding periods in 2009.
- **Selling and market development expenses** amounted to $764,000 for the quarter and $1,380,000 for the six-month period compared to $540,000 and $1,021,000 for the corresponding periods in 2009. The increase in the selling and market development expenses is principally due to business development and market research expenses for territories outside the United States. These expenses also include activities associated with the management of the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono").
- **Net loss**: The Company recorded a net loss of $4,823,000 ($0.08 per share) for the quarter and $9,090,000 ($0.15 per share) for the six-month period compared to net losses of $5,430,000 ($0.09 per share) and $16,184,000 ($0.27 per share) for the corresponding periods in 2009.

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- **Financial Position**
  - At May 31, 2010, liquidities, which include cash and bonds, amounted to $49,048,000, and tax credits receivable amounted to $2,002,000, for a total of $51,050,000.
  - The burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,387,000 in the quarter and $8,248,000 for the six-month period compared to $4,988,000 and $15,400,000 for the corresponding periods in 2009. Excluding the revenues and fees associated with the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities, was $6,098,000 in the quarter and $11,671,000 for the six-month period compared to $6,699,000 and $14,268,000 for the corresponding periods in 2009.
  - In the event of approval of tesamorelin, the anticipated 2010 adjusted burn rate of $24,000,000 could be increased by 5 to 10%. Principal components of the potential increase in spending include the qualification of back-up suppliers for tesamorelin and the drug's fill and finish operation, as well as preparations for the filing of a New Drug Submission in Canada. Most of these costs would be associated to projects that are non-repetitive in nature and would be related to the acceleration of activities in the current business plan.

Non-GAAP Measures

The Company uses measures that do not conform to generally accepted accounting principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results. *Please refer to the Management's Discussion and Analysis for the three-month and six-month periods ended May 31, 2010 for more details on how these non-GAAP measures are calculated.*

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release 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 approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy by the FDA, the receipt of milestone payments and/or royalties under the agreement entered into with EMD Serono, the filing of a New Drug Submission in Canada, and the potential increase in the adjusted burn rate. Furthermore, the words “will”, “may”, “could”, “should”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or variations of them 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 risk that the FDA does not approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, the risk that the payment of milestones is delayed or not received or that the royalties from the sale of tesamorelin are not received, the risk that the preparation of a New Drug Submission in Canada is delayed or is not completed, and the risk that the Company is unable to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, sales of tesamorelin in the United States will be successful, no issue will occur in the preparation of a New Drug Submission in Canada, and the Company will be able to enter into commercial agreements with third parties to qualify back-up suppliers of tesamorelin.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company’s public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the “Risk and Uncertainties” section of the Company’s Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

- 30 -

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Exhibit 99.68

News Release

Theratechnologies added to the Russell Global Index

Montréal, Canada — June 29, 2010 - Theratechnologies (TSX: TH) announced today that it has been added to the Russell Global Index as part of Russell Investments' recent reconstitution of its comprehensive set of global equity indexes which occurred at market closing on June 25. The complete list is posted on www.russell.com.

Membership in the Russell Global Index, which remains in place for one year, means automatic inclusion in the appropriate large-cap, small-cap, all-cap indexes as well as the applicable style, sector and country indexes. The index consists of more than 10,000 securities in 70 countries and offers over 300 key subindexes. The index is reconstituted annually and all sub-indexes are recalibrated simultaneously to accurately measure current market realities for each market segment.

"We are pleased with this recognition, which will increase our profile in the investment community. The addition to the Russell Global Index demonstrates the growing participation that Theratechnologies has in the capital markets outside Canada," said Luc Tanguay, Senior Executive Vice President & CFO of Theratechnologies.

About Russell

Russell Investments has $179 billion in assets under management as of March 31, 2010, and serves individual, institutional and advisor clients in more than 40 countries. Founded in 1936, Russell is a subsidiary of The Northwestern Mutual Life Insurance Company.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

-30-

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News Release

Theratechnologies Announces Publication of Combined Tesamorelin Phase 3 Results in JCEM

Montreal, Canada — June 24, 2010 — Theratechnologies (TSX: TH) today announced that the article entitled, " *Effects of Tesamorelin (TH9507), a Growth Hormone-Releasing Factor Analog, in Human Immunodeficiency Virus-Infected Patients with Excess Abdominal Fat: A Pooled Analysis of Two Multicenter, Double-Blind Placebo-Controlled Phase 3 Trials with Safety Extension Data*", has been made available on the web site of the *Journal of Clinical Endocrinology & Metabolism* (**http://jcem.endojournals.org**) prior to its print publication. The article outlines, in detail, a pooled analysis of two Phase 3 studies of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

Dr. Steven Grinspoon, MD, one of the authors of the article and a researcher at Massachusetts General Hospital and Harvard Medical School, provided a summary of the results during an oral presentation at ENDO 2010, The Endocrine Society's annual meeting held this week in San Diego, California. The presentation was entitled: "*Effects of Tesamorelin, a Growth Hormone-Releasing Analog, over 52 Weeks in HIV-Infected Patients with Excess Abdominal Fat: A Pooled Analysis of 2 Multicenter, Randomized, Placebo-Controlled Phase 3 Trials*."

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat in HIV-infected patients with lipodystrophy.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.70

News Release

Theratechnologies to present at both Jefferies and Needham conferences

Montréal, Canada — June 8, 2010 - Theratechnologies (TSX: TH) announced today that Yves Rosconi, President and Chief Executive Officer of the Company, will present corporate overviews at the Jefferies Global Life Sciences Conference and the Annual Needham Healthcare Conference, both being held this week in New York City.

The Jefferies presentation will take place on June 9, at 3:30 p.m., at the Grand Hyatt Hotel in New York City, and the Needham presentation, on June 10, at 1:20 p.m., at the New York Palace Hotel in New York City.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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News Release

**YVES ROSCONI, PRESIDENT AND CEO OF THERATECHNOLOGIES,
WILL RETIRE ON DECEMBER 31, 2010**

MONTREAL—June 2, 2010—Theratechnologies Inc. (the "Company") (TSX: TH) today announced that Yves Rosconi, its president and CEO, has informed the Board of Directors yesterday of his decision to retire on December 31, 2010. Mr. Rosconi had been considering this prospect for several years, but decided to defer his decision until the Company's lead product, tesamorelin, was in the final stages of the approval process. Mr. Rosconi indicated that his decision was made following, among other things, the positive outcome from the Advisory Committee of the US Food and Drug Administration's ("FDA") Division of Metabolism and Endocrinology Products, which was delivered on Thursday May 27, 2010.

"Yves Rosconi has played a key role in transforming Theratechnologies from a company that was focussed on research and development into one that today has product commercialization in its sights," said Paul Pommier, Chairman of the Company's Board of Directors. "Under his leadership, our Company accomplished a number of steps leading up to the unanimous recommendation from the FDA's advisory committee. From the moment that Mr. Rosconi joined Theratechnologies he has had a positive influence on our Company, our employees and our shareholders."

Since joining Theratechnologies in November 2004 as president and CEO, Yves Rosconi has attained many of the Company's key objectives. Among his most notable achievements was the addition of experienced individuals to the executive management team, choosing the appropriate clinical program for tesamorelin, advancing tesamorelin through the final stages of development and regulatory approval in the United States, and the signing of a major partnership agreement for the commercialization of tesamorelin in that country. He also expanded and diversified the Company's shareholder base in order to support it throughout these crucial years of development.

The Strategic Committee of the Board of Directors will begin immediately the formal search for a new President and CEO. The Company is seeking to recruit a person with the requisite experience to pursue Theratechnologies' business plan and its growth.

"I am extremely proud of what we have accomplished at Theratechnologies in recent years," said Mr. Rosconi. "We have worked very hard to get our lead product, tesamorelin, to where it is today. The team and I remain fully engaged in obtaining FDA approval for tesamorelin."

The FDA has indicated that the expected date for completing the review of the New Drug Application for tesamorelin is July 27, 2010.

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"Yves' passion and determination have made Theratechnologies a major player in the biotechnology sector in Canada," concluded Mr. Pommier. "The Board of Directors thanks him for his keen sense of responsibility, which will enable the Company to pursue its business plan and ensure a smooth transition to the new President and CEO."

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the US Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.72

News Release

Theratechnologies announces positive vote by FDA Advisory Committee for tesamorelin

Montreal, Canada — May 27, 2010 — Theratechnologies (TSX:TH) today announced that the U.S. Food and Drug Administration ("FDA" or the "Agency") Endocrinologic and Metabolic Drugs Advisory Committee recommended by a 16 to 0 unanimous vote that tesamorelin, a growth hormone releasing factor, should be granted marketing approval by the FDA for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, based on a favorable benefit-risk profile.

"We are pleased with the outcome of the Advisory Committee. This recommendation reinforces our belief that the tesamorelin benefit-risk profile seen in clinical trials in HIV-patients with excess visceral abdominal fat supports approval for this indication," commented Mr. Yves Rosconi, President and Chief Executive Officer of Theratechnologies. "The Advisory Committee recommendation is another important step forward for the Company. It is especially significant for those patients who suffer from this serious metabolic complication, where today no treatment option exists," Mr. Rosconi concluded.

Although advisory committees provide their recommendations to the Agency, the final decisions on marketing approvals are made by the FDA. The FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin New Drug Application, will be July 27, 2010.

In 2008, Theratechnologies entered into a collaboration and licensing agreement with EMD Serono, Inc. (an affiliate of Merck KGaA, Darmstadt, Germany), for the exclusive commercialization rights to tesamorelin in the United States for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat in HIV-infected patients with lipodystrophy.

About tesamorelin

Tesamorelin is a novel, stabilized analogue of growth hormone releasing factor (GRF). GRF is a hypothalamic peptide that acts on the pituitary cells in the brain to stimulate the synthesis and pulsatile release of endogenous growth hormone (GH).

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the

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human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 growth of Theratechnologies through the development of tesamorelin and additional clinical programs. Words such as "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the variations of them 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 inability of Theratechnologies to further develop tesamorelin as a result of serious adverse events related to its administration or non-conclusive results from additional development programs. The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 23, 2010. The AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements.

Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date. 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.

-30-

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Exhibit 99.73

News Release

THERATECHNOLOGIES TO PRESENT AT BIOFINANCE 2010 CONFERENCE

Montréal, Canada, April 5, 2010 — Theratechnologies (TSX: TH) announced today that Yves Rosconi, President and Chief Executive Officer, will present an overview of the Company at the BioFinance 2010 Conference, being held this week in Toronto. Mr. Rosconi will be speaking at 11:00 a.m., on Wednesday, April 7, in the Trinity II Room of the Toronto Marriott Eaton Centre.

BioFinance is the Canadian life science industry's leading investor conference that brings together key industry players to consider investment opportunities and issues affecting companies in biotechnology.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.74

News Release

THERATECHNOLOGIES REPORTS POSITIVE OUTCOME AT ITS ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Montreal, Canada — March 25, 2010 — Theratechnologies Inc. (TSX:TH) is pleased to announce that it held its annual and special meeting of shareholders in Montreal today. At the meeting, the shareholders of the Company re-elected the current members of the Board of Directors to act as directors, designated KPMG LLP to act as auditors of the Company for the ensuing year and approved the Shareholder Rights Plan. The Shareholder Rights Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for Theratechnologies.

Speaking to the shareholders, Mr. Paul Pommier, Chairman of the Board of Theratechnologies, indicated that the submission of the New Drug Application ("NDA") to the Food and Drug Administration ("FDA") in the United States, and its acceptance for review, was a major accomplishment in 2009. He continued by saying that, "every step is one closer to Theratechnologies becoming a revenue-generating company."

Mr. Pommier assured shareholders that, in 2010, the focus will continue to be on the development of the tesamorelin asset to maximize shareholder value. He noted that Theratechnologies will work together with its existing partner, and/or any future partners, to take full advantage of the commercial opportunities that exist for tesamorelin in the U.S. and in other geographies.

Following Mr. Pommier's remarks, Mr. Yves Rosconi, President and Chief Executive Officer of Theratechnologies, offered an overview of the Company's accomplishments over the last year. With the major corporate objective of submitting the NDA being met, Mr. Rosconi stated: "The fact that our file was accepted for review by the FDA without requiring further modifications speaks to the quality of the work presented in our file." In addition, he noted, "I believe that the regulatory review process is moving in the right direction."

Mr. Rosconi reminded shareholders that the public meeting before the Advisory Committee of the FDA was now confirmed for May 27th, and that internal teams at Theratechnologies were actively working to prepare for this meeting. Mr. Rosconi added, "With a partner in hand, who is responsible for commercialization in the U.S., we are now working towards entering into agreements with qualified partners in additional geographies."

Mr. Rosconi concluded his remarks for the current year by citing important targeted milestones to be achieved by the Company. These include: approval for tesamorelin in the United States, the signing of partnerships for additional geographies, as well as the design of additional clinical programs with tesamorelin.

Theratechnologies' Senior Executive Vice-President and Chief Financial Officer, Mr. Luc Tanguay, provided an overview of the Company's financial position. Commenting on results made public earlier this week, Mr. Tanguay said that Theratechnologies had completed the first quarter 2010 with $57 million in liquidities and reduced its burn rate. He added that this situation was due mainly to payments received from its commercial partner, combined with a decrease in expenses. "With additional potential milestone payments and a lower burn-rate of approximately $24 million in 2010, we should expect to be in a good cash position at the end of this year," noted Mr. Tanguay.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound,

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tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Forward-Looking Information

This press release 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 potential revenues to be generated by the Company, the entering into of strategic alliance agreements with partners in geographies other than the United States, the initiation of clinical programs with tesamorelin and the receipt of milestone payments. Furthermore, the words "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or variations of them 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 risk that tesamorelin is not approved by the FDA for commercial sale in the United States, the risk that the Company is unable to conclude agreements with partners relating to tesamorelin in geographies other than the Unites States, the risk that the design of clinical programs be delayed and the risk that no payment is received if the Company does not meet its milestones.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for commercial sale in the United States, the Company will enter into agreements with partners in geographies other than the United States and the Company will meet its milestones and receive the payments related thereto.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details and descriptions of these risks are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

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Exhibit 99.75

News Release

THERATECHNOLOGIES ANNOUNCES FINANCIAL RESULTS AND CLOSES THE FIRST QUARTER IN A STRONG FINANCIAL POSITION

- $57 M liquidity position and lower R&D expenses
- New date set for FDA Advisory Committee meeting
- Results from the second Phase 3 trial published in the medical journal JAIDS
- Patents granted for tesamorelin in Brazil and Australia

Montréal, Canada — March 23, 2010 - Theratechnologies (TSX: TH) today announced its financial results for the first quarter ended February 28, 2010.

"We finished the first quarter of 2010 with a solid balance sheet including $57 million of liquidity, which positions us well to pursue our business plan," noted Mr. Luc Tanguay, Senior Executive Vice President and CFO of Theratechnologies. "Furthermore, our research and development expense decreased by 35% compared to the first quarter of 2009. This planned expense reduction helped to reduce the first quarter loss compared to the same period in 2009," Mr. Tanguay concluded.

"The first quarter of 2010 was devoted to preparing for our participation in the public hearing of the FDA's Endocrinologic and Metabolic Drugs Advisory Committee," stated Yves Rosconi, President and CEO of Theratechnologies. "Concurrently with these preparations, we continued to seek out partners for tesamorelin in additional markets and these efforts are going well," he added. "We will be presenting an overview of our activities and strategic initiatives to shareholders at the annual and special meeting of shareholders this week at the Centre Mont-Royal," Mr. Rosconi concluded.

Reminder: Theratechnologies will be holding its annual and special meeting of shareholders this Thursday, the 25 th of March, in the Salon International of the Centre Mont-Royal, 2200 rue Mansfield, Montréal.

Highlights

New date for the FDA Advisory Committee meeting

The U.S. Food and Drug Administration ("FDA") has set a new date of May 27, 2010 for the Endocrinologic and Metabolic Drugs Advisory Committee meeting. The purpose of the meeting is to review Theratechnologies' New Drug Application ("NDA") for tesamorelin, which was submitted on May 29, 2009. The Advisory Committee meeting was originally scheduled for February 24, 2010 but was postponed due to administrative delays at the FDA. As a result of this postponement, the FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin NDA, will be July 27, 2010.

The role of the Advisory Committee is to provide the FDA with advice from independent experts and other interested parties on the use of tesamorelin. Even though advisory committees address questions posed to them through public meetings, the final decision on the approval of a product remains solely with the FDA.

Results from the second Phase 3 trial published in the medical journal JAIDS

An article entitled, "*Effects of Tesamorelin, a Growth Hormone-Releasing Factor, in HIV-Infected Patients With Abdominal Fat Accumulation: A Randomized Placebo-Controlled Trial With a Safety Extension*", has been published in the March 1st issue of The Journal of Acquired Immune Deficiency Syndromes (JAIDS). The article outlines, in detail, the 52-week data of the second Phase 3 trial, in evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Top-line results of the study were first disclosed in December 2008.

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Patents granted for tesamorelin in Brazil and Australia

On February 25, 2010, the Australian Patent Office granted Theratechnologies patent number 2003229222 entitled “GRF Analogue Compositions and their Use” covering the pharmaceutical formulation and the method of treating HIV-associated lipodystrophy with tesamorelin. Obtaining this patent provides protection for tesamorelin in Australia until May 2013. On December 29, 2009, the Brazil Patent and Trademark Office issued a patent to Theratechnologies for tesamorelin granting protection in that territory until December 2019.

MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE FIRST QUARTER

Revenues

Consolidated revenues for the three-month period ended February 28, 2010, amounted to $2,295,000 compared to $2,009,000 for 2009. The increased revenues in 2010 are related to a longer amortization period (3 months in 2010 versus 2.5 months in 2009) for the initial payment of the collaboration and licensing agreement with EMD Serono, Inc. (“EMD Serono”).

The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive. For the three-month period ended February 28, 2010, an amount of $1,711,000 ($1,426,000 for the same period in 2009) related to this transaction was recognized as revenue. At February 28, 2010, the deferred revenues related to this transaction recorded on the balance sheet amounted to $18,826,000.

R&D Activities

Research and development (“R&D”) expenditures, before tax credits, totalled $4,109,000 for the first quarter of 2010, compared to $6,315,000 in 2009. The R&D expenses incurred in the first quarter of 2010 are mainly related to the primary objective of the Company, which encompasses the regulatory activities connected with the preparation for the FDA Advisory Committee meeting. This explains the planned reduction in R&D expenses. The research and development expenses incurred in the first quarter of 2009 are essentially related to closing activities for the confirmatory Phase 3 study.

Other Expenses

For the first quarter of 2010, general and administrative expenses amounted to $1,801,000, compared to $2,321,000 for the same period in 2009. These expenses are comparable to those of 2009, with the exception of exchange loss and the costs associated with revising the Company’s business plan in 2009.

Selling and market development costs amounted to $616,000 for the first quarter of 2010, compared to $481,000 for the same period in 2009. The sales and market development expenses are principally composed of business development and market research expenses outside the United States and the costs of managing the agreement with EMD Serono.

In the first quarter of 2010, patents amounted to $204,000 and were principally related to costs associated with patents for the preclinical programs.

In 2009, the Company incurred expenses of $4,269,000 associated with the closing of the agreement with EMD Serono.

Net Results

Taking into account the revenues and expenses described above, the Company recorded a first quarter 2010 net loss of $4,267,000 ($0.07 per share), compared to a net loss of $10,754,000 ($0.18 per share) for the same period in 2009.

The net loss in 2010 includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see Annex A) amounted to $5,978,000 in 2010, a decrease of 24.4% compared to the same period in 2009.

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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2010				2009			2008
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	**$ 2,295**	$ 2,246	$ 13,148	$ 2,317	$ 2,009	$ 616	$ 710	$ 716
Net (loss) earnings	**$ (4,267)**	$ (4,698)	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)	$ (11,220)	$ (11,382)
Basic and diluted (loss) earnings per share	**$ (0.07)**	$ (0.08)	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)	$ (0.20)

As described above, the increased revenues in 2010 and 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At February 28, 2010, liquidities, which include cash and bonds, amounted to $55,289,000, and tax credits receivable amounted to $1,834,000 for a total of $57,123,000.

For the three-month period ended February 28, 2010, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $3,861,000, compared to $10,412,000 in 2009. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $5,572,000 for the quarter ended February 28, 2010, compared to $7 569 000 for the first quarter of 2009, a decrease of 26.4%.

New Accounting Policies

In February 2008, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada, as used by public companies, will converge with International Financial Reporting Standards ("IFRS"). The Company's changeover date from current Canadian generally accepted accounting principles ("GAAP") to IFRS applies to the interim and annual financial statements of the fiscal year beginning December 1, 2011, when the Company will report financial information for both the first quarter and comparative period using IFRS.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures.

The Company's IFRS convergence project includes four steps: diagnostic and planning, detailed analysis, design, and implementation.

Phase One: Diagnostic Phase - This phase involves establishing a project plan for IFRS convergence and the initial identification of differences between Canadian GAAP and IFRS.

The Company is currently assessing the conversion of its consolidated financial statements to IFRS and expects to complete this phase in the next quarter. It is not presently possible to determine the impact of converting to IFRS on the consolidated financial statements or on the Company's business because the diagnostic phase has not been completed. Once it is completed, the Company will be in a position to confirm the schedule for the following phases.

Phase Two: Detailed Analysis — This phase involves a comprehensive assessment of the differences between IFRS and the Company's current accounting policies in order to evaluate the impact on the Company. In addition, the detailed analysis will identify training requirements, and determine eventual changes to business processes and information systems.

Phase Three: Design — This phase consists of an analysis of the available accounting options under IFRS, notably the exceptions, exemptions and actual choices available for the transition and the preparation of draft IFRS financial statements and the accompanying notes. In addition, it is during this phase that changes to the business processes and the information systems are designed.

Phase Four: Implementation — This phase involves implementing changes to systems, business processes and internal controls, determining the opening IFRS transition balance sheet and the impact on taxation, parallel accounting under Canadian GAAP and IFRS and preparing detailed reconciliations between Canadian GAAP and IFRS financial statements.

Outstanding Share Data

On March 22, 2010, the number of shares issued and outstanding was 60,450,890, while outstanding options granted under the stock option plan were 2,883,636.

Contractual Obligations

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 2009 Annual Report.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release and the Management's Discussion and Analysis for the first quarter incorporated therein 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 pursuit of the Company's business plan with the funds that it has available, the search for partners in new markets and the completion of a transition plan for

IFRS. Furthermore, the words “will”, “may”, “could”, “should”, “outlook”, “believe”, “plan”, “envisage”, “anticipate”, “expect” and “estimate”, or variations of them 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 risk that the Company’s funding needs may change, that the Company is unable to conclude agreements with partners in new markets for tesamorelin and that the timeline for preparing a transition plan for IFRS is not met.

Although the forward-looking information 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, among others, that the operating activities of the Company will conform to its business plan, the Company will reach agreements with partners in new markets for tesamorelin and the Company will not experience any difficulties in preparing a transition plan for IFRS.

Consequently, all of the forward-looking information 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company’s public filings available at www.sedar.com. In particular, further details on these risks and descriptions of these risks are disclosed in the “Risk and Uncertainties” section of the Company’s Annual Information Form, dated February 23, 2010, for the year ended November 30, 2009.

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ANNEX A

Non-GAAP measures

The Company uses measures that do not conform to generally accepted accounting principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and reconciliation of non-GAAP measures

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the collaboration and license agreement with EMD Serono, management uses adjusted net loss and adjusted burn rate from operating activities before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

	First Quarter	
(Thousands of dollars)	**2010**	**2009**
Adjusted net loss		
Net loss, per the financial statements	$ (4,267)	$(10,754)
Adjustments:		
Revenues associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	$ (1,711)	$ (1,426)
Fees associated with collaboration and license agreement	—	$ 4,269
Adjusted net loss	$ (5,978)	$ (7,911)

	First Quarter	
	2010	**2009**
Adjusted burn rate before changes in operating assets and liabilities		
Burn rate before changes in operating assets and liabilities, per the financial statements	$ (3,861)	$(10,412)
Adjustments:		
Revenues associated with a collaboration and license agreement (note 6 to the consolidated financial statements)	$ (1,711)	$ (1,426)
Fees associated with collaboration and license agreement	—	$ 4,269
Adjusted burn rate before changes in operating assets and liabilities	$ (5,572)	$ (7,569)

Exhibit 99.76

News Release

THERATECHNOLOGIES: ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Montréal, Canada, March 22, 2010 — Mr. Paul Pommier, Chairman of the Board of Theratechnologies (TSX:TH) and Mr. Yves Rosconi, President and Chief Executive Officer, invite shareholders to Theratechnologies' Annual and Special Meeting that will be held on Thursday, March 25, 2010, at 10:00 a.m., at the Centre Mont-Royal, 2200 Mansfield, in Montréal.

What: **Theratechnologies' Annual and Special Meeting of Shareholders**

When: **Thursday, March 25, 2010 at 10:00 a.m.**

Where: **Centre Mont-Royal**
2200 Mansfield, Montréal
International Room

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products, with an emphasis on peptides, for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application to the U.S. Food and Drug Administration, seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy, as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.77

News Release

FDA Confirms Date for Advisory Committee Review of the Tesamorelin New Drug Application

Montreal, Canada — March 22, 2010 — Theratechnologies (TSX:TH) today announced that the U.S. Food and Drug Administration ("FDA") has confirmed that the Endocrinologic and Metabolic Drugs Advisory Committee will meet to review Theratechnologies' New Drug Application ("NDA") for tesamorelin on Thursday, May 27, 2010. The meeting will take place at The Inn and Conference Center, University of Maryland University College (3501 University Blvd. East, Adelphi, Maryland). Information related to the meeting is available on The Office of the Federal Register web site at: www.federalregister.gov

Theratechnologies submitted an NDA to the FDA on May 29, 2009, for tesamorelin, an analogue of the human growth hormone releasing factor proposed for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The FDA filed the NDA on August 12, 2009, which initiated a substantive review of the application. The Advisory Committee meeting was originally scheduled for February 24, 2010, but was postponed due to administrative delays at the FDA. As a result of this postponement, the FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin NDA, will be extended to July 27, 2010.

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat related to HIV-associated lipodystrophy.

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Exhibit 99.78

News Release

Theratechnologies Announces Publication of Second Phase 3 Results in JAIDS

Montreal, Canada — March 1, 2010 — Theratechnologies (TSX: TH) today announced that the article entitled, " *Effects of Tesamorelin, a Growth Hormone-Releasing Factor, in HIV-Infected Patients With Abdominal Fat Accumulation: A Randomized Placebo-Controlled Trial With a Safety Extension*", has been published in the March 1st issue of *JAIDS Journal of Acquired Immune Deficiency Syndromes* (Volume 53: pages 311-322) (http://journals.lww.com/jaids/pages/default.aspx).The article outlines, in detail, the 52-week data of the second Phase 3 trial, in evaluating tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Top-line results were initially disclosed in December 2008.

"We are proud to have data from our Phase 3 clinical program published in another recognized scientific publication," commented Mr. Yves Rosconi, President and Chief Executive Officer of Theratechnologies. "This publication in JAIDS demonstrates, once again, a great interest on the part of the scientific community for tesamorelin," concluded Mr. Rosconi.

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Exhibit 99.79

News Release

THERATECHNOLOGIES ANNOUNCES A TENTATIVE NEW DATE FOR THE FDA ADVISORY COMMITTEE REVIEW OF THE TESAMORELIN NEW DRUG APPLICATION

Montreal, Canada – February 25, 2010 – Theratechnologies (TSX:TH) today announced that the U.S. Food and Drug Administration ("FDA") has set a tentative new date of May 27, 2010 for the Endocrinologic and Metabolic Drugs Advisory Committee meeting to review Theratechnologies' New Drug Application ("NDA") for tesamorelin. This information will be confirmed in the coming weeks once it is published on the Office of the Federal Register web site at: www.federalregister.gov.

Theratechnologies submitted an NDA to the FDA on May 29, 2009, for tesamorelin, an analogue of the human growth hormone releasing factor proposed for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The FDA filed the NDA on August 12, 2009, which initiated a substantive review of the application. The Advisory Committee meeting was originally scheduled for February 24, 2010, but was postponed due to administrative delays at the FDA. As a result of this postponement, the FDA has indicated that the action goal date, which is the target date for the FDA to complete its review of the tesamorelin NDA, will be extended to July 27, 2010.

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Exhibit 99.80

News Release

MILESTONES MET IN 2009 LEAD TO OPTIMISTIC OUTLOOK FOR THERATECHNOLOGIES

—Theratechnologies announces financial results for the fourth quarter and reviews highlights for the year 2009—

- Conclusion of an agreement with EMD Serono
- Filing of a New Drug Application with the FDA
- Receipt of a US $10 M milestone payment
- Invitation to appear before a FDA Advisory Committee
- Granting of a patent for tesamorelin in Brazil
- $65 M liquidity position

Montréal, Canada — February 10, 2010 - Theratechnologies (TSX: TH) today announced its financial results for the fourth quarter ended November 30, 2009, and reviewed the year's highlights.

"Theratechnologies had another great year in 2009," stated Yves Rosconi, President and CEO of Theratechnologies. "The year started off with the conclusion of the agreement with EMD Serono. Our first priority under the terms of the agreement was to submit our New Drug Application to the FDA. I am pleased to say that Theratechnologies was able to overcome this challenge and meet its set objectives," continued Mr. Rosconi. "Our regulatory filing is currently in the process of being evaluated by the FDA and we are on the right track to achieving our principal objective, which is to obtain approval for tesamorelin in the United States. Evidently, there is still work to do, and our accomplishments in 2009 will allow us to view the year 2010 with optimism," concluded Mr. Rosconi.

"We ended the financial year, which was marked by a planned decrease in expenditures and by the receipt of payments associated with the EMD Serono agreement, with over $65 M in cash," noted Mr. Luc Tanguay, Senior Executive Vice President and CFO of Theratechnologies. "With two potential milestone payments associated with the approval of tesamorelin, we are well positioned to maintain a solid balance sheet in 2010," Mr. Tanguay concluded.

Highlights

Agreement signed with EMD Serono

On December 15, 2008, Theratechnologies completed the transaction related to the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono"), an affiliate of Merck KGaA, of Darmstadt, Germany. Under the terms of the agreement, Theratechnologies received US $30 M (CAD $37.0 M) which included an initial payment of US $22 M (CAD $27.1 M) from EMD Serono and a subscription totalling US $8 M (CAD $9.9 M) for common shares in the Company by Merck KGaA. Under the agreement, Theratechnologies may receive up to US $215 M including the initial payment as well as payments based on the achievement of certain development, regulatory and sales milestones. Furthermore, Theratechnologies will be entitled to receive increasing royalties on annual net sales of tesamorelin in the United States.

Submission of a New Drug Application to the FDA

On May 29, 2009, Theratechnologies submitted a New Drug Application ("NDA") to the U.S. Food and Drug Administration ("FDA"), for the approval of tesamorelin, an analogue of the human growth hormone releasing factor, in the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy.

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Receipt of a US $10 M milestone payment

In accordance with the terms of the Company's collaboration and licensing agreement with EMD Serono, Theratechnologies received a milestone payment of US $10 M (CAN $10.9 M) associated with the FDA's acceptance of the NDA for tesamorelin. The acceptance of the NDA, which occurred August 12, 2009, marked the continuance of the review by the FDA of the application submitted by Theratechnologies.

Invitation to appear before a FDA Advisory Committee

As part of the review of its regulatory filing, Theratechnologies is preparing for a public meeting before the Endocrinologic and Metabolic Drugs Advisory Committee of the FDA. Initially scheduled for February 24, 2010, the meeting was postponed—due to administrative delays at the FDA—until a later date which has not yet been determined. The role of the Advisory Committee is to provide the FDA with advice from independent experts and other interested parties on the use of tesamorelin. Even though advisory committees address questions posed by the regulatory authorities through public meetings, the final decision on the approval of a product remains solely with the FDA.

Issuance of a patent for tesamorelin in Brazil

On December 29, 2009, the Brazil Patent and Trademark Office issued Patent Number PI 9608799-4 entitled " *Chimeric fatty body-pro-GRF analog with increased biological potency and pharmaceutical formulation"* for tesamorelin. The granting of this patent provides protection in Brazil until December 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FOURTH QUARTER

Revenues

Consolidated revenues for the three-month period ended November 30, 2009, amounted to $2,246,000 compared to $616,000 for the same period in 2008. For the year ended November 30, 2009, consolidated revenues were $19,720,000 compared to $2,641,000 for the same period in 2008.

Royalties, technologies and other

The increased revenues in 2009 are related to the initial payment received on December 15, 2008, upon the closing of the collaboration and licensing agreement with EMD Serono, Inc. ("EMD Serono") as well as the receipt of a milestone payment of $10,884,000 during the third quarter of 2009.

The payment of US $30,000,000 (CAD $36,951,000) included an initial payment of US $22,000,000 (CAD $27,097,000) and a subscription for common shares by Merck KGaA at a price of US $3.67 (CAD $4.52) per share, resulting in gross proceeds of US $8,000,000 (CAD $9,854,000). The initial payment of $27,097,000 has been deferred and is being amortized over its estimated service period on a straight-line basis. This period may be modified in the future based on additional information that the Company may receive related to the estimated service period. For the year ended November 30, 2009, an amount of $6,560,000 related to this transaction was recognized as revenue. At November 30, 2009, the deferred revenues related to this transaction recorded on the balance sheet amounted to $20,537,000.

The milestone payment of $10,884,000, received during the third quarter under the terms of the collaboration and licensing agreement with EMD Serono, is associated with the acceptance by the U.S. Food and Drug Administration ("FDA") to review the New Drug Application ("NDA") for tesamorelin that was submitted by Theratechnologies on May 29, 2009. Under the terms of the collaboration and licensing agreement with EMD Serono, a milestone payment of US $10,000,000 was associated with the FDA's acceptance to review the NDA for tesamorelin. All milestone payments, including the aforementioned payment, are recorded as they are earned, upon the achievement of predetermined milestones specified in the agreement.

Interest

Interest revenues for the three-month period ended November 30, 2009, amounted to $528,000 compared to $518,000 for the same period in 2008. For the year ended November 30, 2009, interest revenues were $2,252,000 compared to $2,427,000 for the same period in 2008. The decrease in interest revenues during the three-month period is associated with lower interest rates during the year, which translated to a lower return on investment. In the fourth quarter of 2009, this decrease in interest rates was compensated by an increase in the average level of investments.

R&D Activities

Research and Development ("R&D") expenditures, before tax credits, totalled $4,534,000 for the fourth quarter of 2009, compared to $6,313,000 for the same period in 2008, representing a decrease of 28.2%. For the year ended November 30, 2009, R&D expenditures were $22,226,000, compared to $35,326,000 for the same period in 2008, representing a decrease of 37.1%. These lower levels of R&D expenses are due to the conclusion of the Phase 3 clinical program in the first half of 2009. The R&D expenses in 2009 include a non-recurring charge of $1,377,000 associated with research material produced to obtain stability data and to validate the commercial production process as requested by the FDA. The R&D expenses incurred in the fourth quarter of 2009 are mainly related to follow up on the regulatory filing notably managing responses to the FDA's questions, a normal part of the review process, and the preparation for the FDA Advisory Committee meeting as well as the preparation for larger-scale production of tesamorelin.

Other Expenses

For the fourth quarter of 2009, general and administrative expenses amounted to $1,634,000, compared to $1,874,000 for the same period in 2008. For the year ended November 30, 2009, general and administrative expenses amounted to $7,149,000 compared to $6,185,000 for the same period in 2008. The increased expenses in 2009 are principally due to a higher exchange loss as well as costs associated with revising the Company's business plan in the first quarter. The exchange losses are due to the conversion of monetary assets and liabilities denominated in foreign currencies into Canadian dollar equivalents using rates of exchange in effect on the balance sheet date.

Selling and market development costs amounted to $1,067,000 for the fourth quarter of 2009, compared to $1,124,000 for the same period in 2008. For the year ended November 30, 2009, selling and market development expenses amounted to $2,583,000, compared to $3,811,000 for the same period in 2008. The decrease in selling and market development costs is due to the signing of an agreement with EMD Serono for the U.S. commercialization of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. Since the signing of this agreement, the sales and market development expenses are principally composed of business development expenses outside the United States and the costs of managing the agreement with EMD Serono.

In the fourth quarter of 2008, Theratechnologies conducted an impairment test on the intellectual property of the ExoPep platform following a review of the development strategy by Management for new products. As a consequence, the Company wrote off the carrying amount of this intellectual property in 2008. The write-off of $4,571,000 is included in "Patents, amortization and impairment of other assets" in the consolidated statement of earnings.

In 2008, the Company incurred an impairment of $578,000 related to stock options held in a publicly-traded company.

Net Results

Taking into account the changes in revenues and expenses described above, the Company recorded a fourth quarter net loss of $4,698,000 ($0.08 loss per share), compared to a net loss of $15,145,000 ($0.26 loss per share) for the same period in 2008. For the year ended November 30, 2009, the net loss was $15,058,000 ($0.25 loss per share), compared to a net loss of $48,611,000 ($0.85 loss per share) for the same period in 2008. The net loss in 2008 included the previously described decline in impairment charges, totalling $5,149,000.

The fourth quarter 2009 net loss includes revenues of $1,711,000 related to the agreement with EMD Serono. Excluding this item, the adjusted net loss (see Annex A) amounted to $6,409,000, a decrease of 57.7% compared to the same period in 2008. For the year ended November 30, 2009, the net loss included revenue of $17,444,000 and a non-recurring charge of $4,269,000 related to the agreement with EMD Serono. Excluding these two items, the adjusted net loss (see Annex A) amounted to $28,233,000, a decrease of 41.9% compared to the same period in 2008.

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. This information has been restated following the adoption of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets*.

(in thousands of Canadian dollars, except per share amounts)

	2009				2008			
	Q4	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**$ 2,246**	$ 13,148	$ 2,317	$ 2,009	$ 616	$ 710	$ 716	$ 599
Net earnings (net loss)	**$ (4,698)**	$ 5,824	$ (5,430)	$ (10,754)	$ (15,145)	$ (11,220)	$ (11,382)	$ (10,864)
Basic and diluted benefit (loss) per share	**$ (0.08)**	$ 0.10	$ (0.09)	$ (0.18)	$ (0.26)	$ (0.19)	$ (0.20)	$ (0.20)

As described above, the increased revenues in 2009 are related to the amortization of the initial payment received at the closing of the agreement with EMD Serono, as well as the milestone payment of $10,884,000 recorded in August 2009. The increase in the fourth quarter net loss in 2008 is due to impairment charges for intellectual property.

Financial Position

At November 30, 2009, liquidities, which include cash and bonds, amounted to $63,362,000, and tax credits receivable amounted to $1,666,000 for a total of $65,028,000.

For the three-month period ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $4,333,000, compared to $9,559,000 for the same period in 2008. Excluding the revenue of $1,711,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $6,044,000, a decrease of 36.8%, compared to the corresponding period in 2008.

For the year ended November 30, 2009, the burn rate from operating activities, excluding changes in operating assets and liabilities, was $13,547,000, compared to $41,592,000 for the same period in 2008. The decrease in the 2009 burn rate is principally related to the payments received under the agreement with EMD Serono as well as the decline in R&D expenditures and in selling and market development costs. Excluding the revenue of $17,444,000 and the non-recurring charge of $4,269,000 related to the agreement with EMD Serono, the adjusted burn rate from operating activities, excluding changes in operating assets and liabilities (see Annex A), was $26,722,000, a decrease of 35.8%, compared to the corresponding period in 2008.

Subsequent Events

Shareholder rights plan

On February 10, 2010, the Board of Directors of the Company adopted a shareholder rights plan (the “Plan”), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors, and the shareholders, to assess an unsolicited takeover bid for Theratechnologies. In addition, the Plan provides the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, as well as provide shareholders with an equal opportunity to participate in a takeover bid to receive full and fair value for their common shares (the “Common Shares”). The Plan, if approved by the shareholders at the Company’s next Annual and Special Meeting to be held in March 2010, will expire at the close of the Company’s annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20 percent or more of the outstanding Common Shares without complying with the “Permitted Bid” provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50 percent discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50 percent of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

Granting of stock options

On December 8, 2009, the Company granted 265,000 options at an exercise price of $3.84 per share and cancelled 19,167 options at a weighted exercise price of $2.38 per share in connection with its stock option plan.

New Accounting Policies

Refer to Note 2 of the Company's unaudited Consolidated Financial Statements for the fourth quarter of 2009.

The impact of adopting Section 3064, *Goodwill and Intangible Assets*, of the CICA Handbook was to increase the opening deficit and to reduce other assets on December 1, 2007 and 2008 by $941,000 and $599,000 respectively. These amounts correspond to adjustments made to patent costs related to periods prior to these dates. Furthermore, following the adoption of this standard, patents and amortization of other assets presented in the consolidated statements of earnings were reduced by $342,000 for the year ended November 30, 2008.

Outstanding Share Data

On February 9, 2010, the number of shares issued and outstanding was 60,449,225, while outstanding options granted under the stock option plan were 2,891,801.

Contractual Obligations

The Company rents its premises under an operating lease expiring in April 2010. In 2009, the lease was renewed by the Company and the lessor for a period of 11 years ending April 30, 2021. Refer to Note 7 of the Company's unaudited Consolidated Financial Statements for the fourth quarter of 2009.

In addition, during and after the year ended November 30, 2009, the Company entered into long-term supply agreements with third parties in anticipation of the commercialization of tesamorelin. Certain of these agreements stipulate an obligation to purchase minimum quantities of products in certain circumstances.

Economic and Industry Factors

Economic and industry factors were substantially unchanged from those reported in the Company's 2008 Annual Report.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application (NDA) to the United States Food and Drug Administration (FDA), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy as well as the development of clinical programs for tesamorelin in other medical conditions.

Additional Information about Theratechnologies

Further information about Theratechnologies is available on the Company's website at www.theratech.com. Additional information, including the Annual Information Form and the Annual Report, is also available on SEDAR at www.sedar.com.

Forward-Looking Information

This press release and the Management's Discussion and Analysis for the fourth quarter incorporated therein 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 commercialization of tesamorelin in HIV-associated lipodystrophy, the receipt of royalties related to the commercialisation of tesamorelin, the development of new markets for tesamorelin, the conclusion of partnership agreements and the liquidity needs to finance the Company's operations. 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 that are disclosed in or implied by such forward-looking information. These risks and uncertainties 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, and the delays that may occur if the Company encounters problems with a third-party supplier of services.

Although the forward-looking information 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, among others, that the FDA will approve tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy, that the Company's business plan will not be substantially modified 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 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, its financial condition or its results of operation. Furthermore, the forward-looking information reflects current expectations regarding future events only as of the date of release of this press release.

Investors are referred to the Company's public filings available at www.sedar.com. In particular, further details and descriptions of these risks and other factors are disclosed in the "Risk and Uncertainties" section of the Company's Annual Information Form, dated February 24, 2009, for the year ended November 30, 2008. 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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ANNEX A

Non-GAAP measures

The Company uses measures that do not conform to generally accepted accounting principles ("GAAP") to assess its operating performance. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, these measures should not be considered in isolation. The Company uses non-GAAP measures such as adjusted net loss and the adjusted burn rate from operating activities before changes in operating assets and liabilities, to measure its performance from one period to the next without including changes caused by certain items that could potentially distort the analysis of trends in its operating performance, and because such measures provide meaningful information on the Company's financial condition and operating results.

Definition and reconciliation of non-GAAP measures

In order to measure performance from one period to another, without accounting for changes related to revenues and fees associated with the collaboration and license agreement with EMD Serono, management uses adjusted net loss and adjusted burn rate before changes in operating assets and liabilities. These items are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends in the Company's operating performance. The exclusion of these items does not necessarily indicate that they are non-recurring.

(Thousands of dollars)

	November 30th (3 months)		November 30th (12 months)	
Adjusted net loss	**2009**	**2008**	**2009**	**2008**
Net loss, per the financial statements	$ (4,698)	$ (15,145)	$ (15,058)	$ (48,611)
Adjustments:				
Revenues associated with a collaboration and license agreement (note 7 to the consolidated financial statements)	(1,711)	—	(17,444)	—
Fees associated with collaboration and license agreement	—	—	4,269	—
Adjusted net loss	$ (6,409)	$ (15,145)	$ (28,233)	$ (48,611)

	November 30th (3 months)		November 30th (12 months)	
Adjusted burn rate before changes in operating assets and liabilities	**2009**	**2008**	**2009**	**2008**
Burn rate before changes in operating assets and liabilities, per the financial statements	$ (4,333)	$ (9,559)	$ (13,547)	$ (41,592)
Adjustments:				
Revenues associated with a collaboration and license agreement (note 7 to the consolidated financial statements)	(1,711)	—	(17,444)	—
Fees associated with collaboration and license agreement	—	—	4,269	—
Adjusted burn rate before changes in operating assets and liabilities	$ (6,044)	$ (9,559)	$ (26,722)	$ (41,592)

Exhibit 99.81

News Release

THERATECHNOLOGIES ADOPTS SHAREHOLDER RIGHTS PLAN

Montreal, Canada — February 10, 2010 — Theratechnologies Inc. (TSX-TH) announced today that its Board of Directors has adopted a shareholder rights plan (the "Plan"), effective as of such date. The Plan is designed to provide adequate time for the Board of Directors and the shareholders to assess an unsolicited takeover bid for Theratechnologies, to provide the Board of Directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a takeover bid is made, and to provide shareholders with an equal opportunity to participate in a takeover bid and receive full and fair value for their common shares (the "Common Shares"). The Company is not adopting the Plan in response to any specific proposal to acquire control of the Company, nor is it aware of any such effort.

Shareholders will be asked to approve the Plan at the Company's next annual and special meeting to be held on March 25, 2010. The Plan, if approved by the shareholders, will expire at the close of the Company's annual meeting of shareholders in 2013.

The rights issued under the Plan will initially attach to and trade with the Common Shares and no separate certificates will be issued unless an event triggering these rights occurs. The rights will become exercisable only when a person, including any party related to it, acquires or attempts to acquire 20 percent or more of the outstanding Common Shares without complying with the "Permitted Bid" provisions of the Plan or without approval of the Board of Directors. Should such an acquisition occur or be announced, each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase Common Shares at a 50 percent discount to the market price at the time.

Under the Plan, a Permitted Bid is a bid made to all holders of the Common Shares and which is open for acceptance for not less than 60 days. If at the end of 60 days at least 50 percent of the outstanding Common Shares, other than those owned by the offeror and certain related parties have been tendered, the offeror may take up and pay for the Common Shares but must extend the bid for a further 10 days to allow other shareholders to tender.

The rights plan is similar to other shareholder rights plans recently adopted by several other Canadian companies. A material change report and a complete copy of the rights plan will be filed on the System for Electronic Document Analysis and Retrieval (SEDAR) shortly. The issuance of Common Shares upon the exercise of the rights is subject to receipt of certain regulatory approvals.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company that discovers and develops innovative therapeutic products for commercialization. The Company targets unmet medical needs in financially attractive specialty markets where it can retain all or part of the commercial rights to its products. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor. In 2009, Theratechnologies submitted a New Drug Application ("NDA") to the United States Food and Drug Administration ("FDA"), seeking approval of tesamorelin for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The Company's growth strategy is centered on the commercialization of tesamorelin in the United States and in other markets for HIV-associated lipodystrophy as well as the development of clinical programs for tesamorelin in other medical conditions.

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Exhibit 99.82

News Release

Theratechnologies reports that the FDA will reschedule for administrative reasons the Advisory Committee meeting to review tesamorelin's NDA

Montreal, Canada – January 25, 2010 – Theratechnologies (TSX:TH) today announced that the U.S. Food and Drug Administration ("FDA") will reschedule its meeting of the Endocrinologic and Metabolic Drugs Advisory Committee to review Theratechnologies' New Drug Application ("NDA") for tesamorelin. Originally scheduled for Wednesday, February 24, 2010, the meeting will be rescheduled due to an administrative delay at the FDA. The FDA informed Theratechnologies that this delay is entirely procedural and is not related to the tesamorelin NDA. A new meeting date will be announced shortly in the Federal Register.

Theratechnologies submitted an NDA to the FDA on May 29, 2009, for tesamorelin, an analogue of the growth hormone releasing factor, proposed for the treatment of excess abdominal fat in HIV-infected patients with lipodystrophy. The FDA filed the NDA on August 12, 2009, which initiated a substantive review of the application. The Prescription Drug User Fee Act ("PDUFA") date, which is the target date for the FDA to complete its review of tesamorelin's NDA, is March 29, 2010.

About HIV-Associated Lipodystrophy

Several factors including a patient's antiretroviral drug regimen and the HIV virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat related to HIV-associated lipodystrophy, a condition that can stigmatize patients.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company with core expertise in peptide-based therapeutics. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

In late 2008, Theratechnologies completed its Phase 3 clinical program which was designed to evaluate tesamorelin in treating excess abdominal fat in HIV-infected patients with lipodystrophy. Theratechnologies signed a collaboration and licensing agreement with EMD Serono, Inc., for the commercialization of tesamorelin in the United States.

With a New Drug Application filed with the U.S. authorities in May 2009, Theratechnologies' growth strategy is firmly focused on the development of tesamorelin in the United States and in other potential HIV-associated lipodystrophy markets, as well as through additional clinical programs for other medical conditions.

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Exhibit 99.83

News Release

Theratechnologies reports date for FDA Advisory Committee Review of the Tesamorelin New Drug Application

Montreal, Canada – January 18, 2010 – Theratechnologies (TSX:TH) today announced that the U.S. Food and Drug Administration ("FDA") has confirmed that the Endocrinologic and Metabolic Drugs Advisory Committee will meet to review Theratechnologies' New Drug Application ("NDA") for tesamorelin on Wednesday, February 24, 2010. The meeting will take place at the Hilton Washington DC/Silver Spring (8727 Colesville Road, Silver Spring, Maryland). Information related to the meeting is available on The Office of the Federal Register web site at: www.federalregister.gov

Theratechnologies submitted an NDA to the FDA on May 29, 2009, for tesamorelin, an analogue of the growth hormone releasing factor proposed for the treatment of excess abdominal fat in HIV patients with lipodystrophy. The FDA filed the NDA on August 12, 2009, which initiated a substantive review of the application. The Prescription Drug Fee Act ("PDUFA") date, which is the target date for the FDA to complete its review of tesamorelin NDA, is March 29, 2010.

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In late 2008, Theratechnologies completed its Phase 3 clinical program which was designed to evaluate tesamorelin in treating excess abdominal fat in HIV patients with lipodystrophy. Theratechnologies signed a collaboration and licensing agreement with EMD Serono, Inc., for the commercialization of tesamorelin in the United States.

With a New Drug Application filed with the U.S. authorities in May 2009, Theratechnologies' growth strategy is firmly focused on the development of tesamorelin in the United States and in other potential HIV-associated lipodystrophy markets, as well as through additional clinical programs for other medical conditions.

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Exhibit 99.84

News Release

Theratechnologies to present at Biotech Showcase 2010

Montréal, Canada — **January 11, 2010** — Theratechnologies (TSX: TH) announced today that Yves Rosconi, President and Chief Executive Officer of the Company, will be presenting an overview of Theratechnologies at Biotech Showcase 2010, which will take place at the Marines' Memorial Club & Hotel, in San Francisco. During his presentation scheduled tomorrow at 3:20 p.m., Mr. Rosconi will review the 2009 operational accomplishments and will discuss Theratechnologies' strategy and growth opportunities for the year to come.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company with core expertise in peptide-based therapeutics. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone releasing factor.

In late 2008, Theratechnologies completed its Phase 3 clinical program which was designed to evaluate tesamorelin in treating excess abdominal fat in HIV patients with lipodystrophy. Theratechnologies also signed a collaboration and licensing agreement with EMD Serono, Inc., for the commercialization of tesamorelin in the United States.

With a New Drug Application filed with the U.S. authorities in May 2009, Theratechnologies' growth strategy is firmly focused on the development of tesamorelin in the United States and in other potential HIV-associated lipodystrophy markets, as well as through additional clinical programs for other medical conditions.

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Exhibit 99.85

News Release

THERATECHNOLOGIES RECEIVES PATENT PROTECTION IN BRAZIL FOR TESAMORELIN

Montreal, Canada — December 29, 2009 — Theratechnologies (TSX:TH) today announced that the Brazil Patent and Trademark Office has issued Patent Number 9608799-4 entitled "*Chimeric fatty body-pro-GRF analog with increased biological potency and pharmaceutical formulation"* for its lead-compound, tesamorelin. The granting of this patent provides protection in Brazil until December 2019.

"This patent aligns us well in executing one of our top priorities, which is to expand commercialization into various geographies for tesamorelin in HIV-associated lipodystrophy," commented Mr. Yves Rosconi, President and Chief Executive Officer of Theratechnologies. "Brazil is a country where there are patients in need and where we can leverage the work already completed for the U.S. regulatory agency. The patent announced today solidifies our approach and reinforces Brazil as an attractive territory for potential partners," concluded Mr. Rosconi.

About HIV-Associated Lipodystrophy

Several factors including the antiretroviral drug regimen and the virus itself are thought to contribute to HIV-associated lipodystrophy, which is characterized by body composition changes, dyslipidemia and glucose intolerance. The changes in body composition include excess abdominal fat accumulation. There is currently no approved treatment available for the excess abdominal fat related to HIV-associated lipodystrophy, a condition that can stigmatize patients and discourage HIV treatment adherence.

About Theratechnologies

Theratechnologies (TSX: TH) is a Canadian biopharmaceutical company with core expertise in peptide-based therapeutics. Its most advanced compound, tesamorelin, is an analogue of the human growth hormone-releasing factor.

In late 2008, Theratechnologies completed its Phase 3 clinical program evaluating tesamorelin in treating excess abdominal fat in HIV-infected patients with lipodystrophy. In addition, the Company signed a collaboration and licensing agreement with EMD Serono, Inc., for the commercialization of tesamorelin in the United States.

With a New Drug Application recently filed with the U.S. authorities, Theratechnologies' growth strategy is firmly focused on the development of tesamorelin, in the United States and in other potential HIV-associated lipodystrophy markets, as well as through additional clinical programs for other medical conditions.

Forward-Looking Information

This press release 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 expansion of the commercialization of tesamorelin in other geographies and information regarding the ability to find partners in Brazil. Words such as "will", "may", "could", "should", "outlook", "believe", "plan", "envisage", "anticipate", "expect" and "estimate", or the variations of them 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 risk that tesamorelin for the treatment of HIV-associated lipodystrophy does not receive regulatory approval for commercialization and the risk that Theratechnologies does not find any partner to commercialize tesamorelin in Brazil or in any other country. The Company refers potential investors to the "Risks and Uncertainties" section of its Annual Information Form (the "AIF") dated February 24, 2009. The

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AIF is available at www.sedar.com under the Company's public filings. The reader is cautioned to consider these and other risks and uncertainties carefully and not to put undue reliance on forward-looking statements.

Forward-looking information reflects current expectations regarding future events and speaks only as of the date of this press release and represents the Company's expectations as of that date.

Contact:
Andrea Gilpin
Vice President, IR & Communications
Theratechnologies Inc.
Phone: 514 336-7800, ext. 205
communications@theratech.com

Exhibit 99.86

EXECUTION COPY

SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF FEBRUARY 10, 2010

Between

THERATECHNOLOGIES INC.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as Rights Agent

Fasken Martineau DuMoulin LLP
Stock Exchange Tower
Suite 3400, Box 242
800 Place Victoria
Montreal, Québec H4Z 1E9

New Rights Plan

TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd.)

MEMORANDUM OF AGREEMENT made as of the 10th day of February, 2010.

BETWEEN: **THERATECHNOLOGIES INC.**, a company existing under the laws of Québec,

(hereinafter called the "**Company**"),

OF THE FIRST PART,

AND: **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, as rights agent,

(hereinafter called the "**Rights Agent**"),

OF THE SECOND PART.

WHEREAS the Board of Directors of the Company has determined that it is advisable that the Company adopt a shareholder rights plan to take effect on the Effective Date (as hereinafter defined), subject to approval by the Independent Shareholders (as hereinafter defined) at the annual and special meeting of shareholders of the Company scheduled to be held on March 25, 2010, to ensure fair and equal treatment of all the Company's shareholders in the event of a take-over bid, to protect shareholders from coercive take-over tactics and to allow the Board of Directors and Shareholders of the Company adequate time to assess the bid and consider alternatives to enhance value for Shareholders (the "**Rights Plan**");

AND WHEREAS in order to implement the Rights Plan the Board of Directors of the Company has:

(a) authorized the issuance of one right (a "**Right**") in respect of each Common Share (as hereinafter defined) outstanding at the Record Time (as hereinafter defined); and

(b) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase Common Shares of the Company, pursuant to the terms and subject to the conditions set forth herein;

AND WHEREAS the Company desires to appoint the Rights Agent to act on behalf of the Company and holders of Rights, and the Rights Agent is willing so to act, in connection with

the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein the parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, the following terms have the meanings indicated:

(a) "**1933 Securities Act**" shall mean the Securities Act of 1933 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(b) "**1934 Exchange Act**" shall mean the Securities Exchange Act of 1934 of the United States, as amended, and the regulations thereunder, and any comparable or successor regulations thereto;

(c) "**Acquiring Person**" shall mean any Person who is the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company. Notwithstanding the foregoing, the term "Acquiring Person" shall not include:

(i) the Company or any Subsidiary of the Company;

(ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company as a result of any one or any combination of:

(a) an acquisition and cancellation or redemption by the Company or a Subsidiary of the Company of Common Shares which, by reducing the number of Common Shares outstanding, increases the percentage of outstanding Common Shares Beneficially Owned by such Person to 20% or more of the Common Shares outstanding (a "**Share Reduction**");

(b) an acquisition of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid (a "**Permitted Bid Acquisition**");

(c) an acquisition of Common Shares in respect of which the Board of Directors has waived the application of section 4.1 pursuant to the provisions of section 6.1 (an "**Exempt Acquisition**");

(d) a Convertible Security Acquisition; or

(e) a Permitted Acquisition;

provided, however, that if a Person shall become the Beneficial Owner of 20% or more of the Common Shares of the Company then outstanding by reason of one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition and thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Common Shares of the Company then outstanding, increases the number of Common Shares of the Company beneficially owned by such Person by more than 1% of the number of Common Shares outstanding (other than pursuant to one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition) then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Common Shares of the Company, such Person shall be an "**Acquiring Person**";

(iii) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Common Shares of the Company as a result of such Person becoming disqualified from relying on clause 1.1(f)(v) hereof because such Person makes or announces an intention to make a Take-over Bid in respect of the Common Shares of the Company alone or by acting jointly or in concert with any other Person and, for this purpose, "**Disqualification Date**" means the first date of public announcement of facts indicating that such Person is making or intends to make a Take-over Bid;

(iv) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Common Shares of the Company in connection with a distribution of securities of the Company; or

(v) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of more than 20% of the outstanding Common Shares of the Company determined as of the Record Time; provided, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Common Shares of the Company that increases its Beneficial Ownership by more than 1% of the number of Common Shares of the Company outstanding (other than through one or any combination of a Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition or a Permitted Acquisition);

(d) "**Affiliate**", when used to indicate a relationship with a specified corporation, means a Person who directly, or indirectly through one or more controlled

intermediaries, controls, or is controlled by, or is under common control with, such specified corporation;

(e) "**Associate**" of a specified Person shall mean any Person to whom such specified Person is married or with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such specified Person, said spouse or other Person who has the same home as such specified Person;

(f) a Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":

(i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or equity;

(ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (where such right is exercisable within a period of 60 days, or upon the occurrence of a contingency) (a) upon the exercise of any Convertible Securities (other than a Right) or (b) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than customary agreements with and between underwriters or banking group or selling group members with respect to a distribution of securities and other than pledges or hypothecs of securities in the ordinary course of business); and

(iii) any securities which are Beneficially Owned within the meaning of the foregoing provisions of this subsection 1.1(f) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the Beneficial Owner of or to have Beneficial Ownership of, or to Beneficially Own, any security because:

(iv) such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered pursuant to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any Person acting jointly or in concert with such Person until such deposited security has been taken up or paid for, whichever shall occur first;

(v) such Person holds such security, provided that:

(a) the ordinary business of such Person (an "**Investment Manager**") includes the management of mutual funds or investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person or

Persons (a "**Client**") including non-discretionary accounts held on behalf of a broker or dealer registered under applicable laws; or

(b) such Person (a "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons ("**Estate Accounts**") or in relation to other accounts ("**Other Accounts**") and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such Estate Accounts or Other Accounts; or

(c) such Person (an "**Administrator**") is the administrator or the trustee of one or more pension funds or plans (each a "**Plan**") or is a Plan registered under applicable laws and holds such security in the ordinary course of such duties for such Plan; or

(d) such Person is a Plan or is a Person established by statute (the "**Statutory Body**") for purposes that include, and the ordinary business or activity of such Person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or

(e) such Person is a Crown agent or agency;

provided that the Investment Manager, Trust Company, Administrator, the Plan, the Statutory Body or the Crown agent or agency, as the case may be, is not then making or has not announced a current intention to make a Take-over Bid, alone or acting jointly or in concert with any other Person (other than an Offer to Acquire Shares of the Company by means of a distribution by the Company or by means of ordinary market transactions (including pre-arranged trades) executed through the facilities of a stock exchange or organized over-the-counter market);

(vi) such Person, any of such Person's Affiliates or Associates or any Person acting jointly or in concert with such Person is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, or by reason of such Person being an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or by reason of such Person being a Plan which has an Administrator which is also a trustee for another Plan on whose account the Trustee holds such security;

(vii) such Person is (i) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) an account of a Trust Company and such security is owned at law or in equity by the Trust Company, or (iii) a Plan and such security is owned at law or in equity by the Administrator thereof; or

(viii) such Person is the registered holder of securities as a result of carrying on the business of a securities depositary or as a result of being a nominee holder of such securities.

(g) "**Board of Directors**" shall mean the board of directors of the Company or, if duly constituted and whenever duly empowered, the executive committee of the board of directors of the Company;

(h) "**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in Montreal, Québec are authorized or obligated by law to close;

(i) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States dollars shall mean on any date the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;

(j) "**Canadian-U.S. Exchange Rate**" shall mean on any date the inverse of the U.S.-Canadian Exchange Rate;

(k) "**Close of Business**" on any date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the offices of the transfer agent for the Shares (or, after the Separation Time, the offices of the Rights Agent in Montreal, Québec) are closed to the public in the city in which such transfer agent or Rights Agent has an office for the purposes of this Agreement;

(l) "**Common Share**" when used with reference to the Company, shall mean the Common Shares and/or any other shares entitled to vote generally in the election of directors, as the context requires, and, when used with reference to any Person other than the Company, shall mean shares of capital stock of such other Person entitled to vote generally in the election of the directors of such other Person.

(m) "***Companies Act***" shall mean the Companies Act (Québec), as amended, and the regulations made thereunder, and any comparable or successor laws or regulations thereto;

(n) "**Competing Permitted Bid**" means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:

(i) the Take-over Bid is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid or of any other Competing Permitted Bids (in this definition the "**Prior Bids**");

(ii) the Take-over Bid satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of such definition; and

(iii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that no Common Shares will be taken up and paid for pursuant to such Take-over Bid (x) prior to the Close of Business on a date that is no earlier than the later of (1) the earliest date on which Common Shares may be taken up and paid for under any Prior Bids in existence when the Take-over Bid is made and (2) 35 days after the date of such Take-over Bid constituting the Competing Permitted Bid, and (y) unless, at the time that the Common Shares are to be taken up, more than 50% of the then outstanding Common Shares held by Independent Shareholders, have been deposited or tendered pursuant to such Take-over Bid and not withdrawn;

(o) "**controlled**": a corporation is "controlled" by another Person or two or more Persons, acting jointly or in concert, if:

(i) securities entitled to vote in the election of directors carrying more than 50% of the votes for the election of the directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert; and

(ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly;

(p) "**Convertible Securities**" means at any time any securities issued by the Company from time to time (other than the Rights) carrying any exercise, conversion or exchange right pursuant to which the holder thereof may acquire Common Shares or other securities which are convertible into exercisable or exchangeable for Common Shares.

(q) "**Convertible Securities Acquisition**" means the acquisition of Common Shares upon the exercise of a Convertible Security received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Permitted Acquisition.

(r) "**dividends paid in the ordinary course**" shall mean cash dividends paid at regular intervals in any financial year of the Company to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:

(i) 200% of the aggregate amount of cash dividends declared payable by the Company on its Shares in its immediately preceding financial year;

(ii) 300% of the arithmetic average of the aggregate amounts of cash dividends declared payable by the Company on its Shares in its three immediately preceding financial years;

(iii) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its immediately preceding financial year; and

(iv) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its current financial year;

(s) "**Effective Date**" shall mean the time at which the annual and special meeting of the holders of Common Shares scheduled to be held on March 25, 2010 terminates;

(t) "**Election to Exercise**" shall have the meaning ascribed thereto in clause 3.1(e)(ii);

(u) "**Exempt Acquisition**" shall have the meaning ascribed thereto in subclause 1.1(c)(ii)(c);

(v) "**Exercise Price**" shall mean, as of any date, the price at which a holder of a Right may purchase Common Shares issuable upon exercise of such Right. Subject to adjustment thereof in accordance with the terms hereof, the Exercise Price for each Right shall be $25.00;

(w) "**Expiration Time**" shall mean the earlier of:

(i) the Termination Time;

(ii) the termination of the annual meeting of the shareholders of the Company in the year 2013; and

(iii) the Close of Business on the date this Agreement becomes void pursuant to the provisions of section 6.15;

(x) "**Flip-in Event**" shall mean a transaction in or pursuant to which any Person shall become an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the Close of Business on the tenth day (or on such later day as the Board of Directors shall determine) after a Stock Acquisition Date;

(y) "**Grandfathered Person**" shall have the meaning ascribed thereto in clause 1.1(c)(v);

(z) "**Independent Shareholders**" shall mean all holders of Common Shares of the Company, other than (i) any Acquiring Person, (ii) any Offeror other than a

Person described in paragraph (v) of the definition of "**Beneficial Owner**", (iii) any Affiliate or Associate of any Acquiring Person or Offeror, (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror, and (v) any Person who is an administrator or trustee of any employee benefit plan, deferred profit sharing plan, stock participation plan or any similar plan or trust for the benefit of employees of the Company or a wholly-owned Subsidiary of the Company, unless the beneficiaries of such plan or trust direct the manner in which such Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid;

(aa) "**Lock-up Agreement**" means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "**Locked-up Person**") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Common Shares by the Locked-up Person to the Offeror's Take-over Bid or to any Take-over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the "**Subject Bid**"), where (A) in the context of a Subject Bid that is supported by the Company, the agreement shall terminate automatically or may be terminated by the Locked-up Person upon termination, in accordance with its terms, of the agreement between the Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and the Company, under which it was agreed that the Offeror or any Affiliates or Associates or any other Person acting jointly or in concert with the Offeror would acquire all of the Common Shares outstanding in accordance with the terms of the agreement, (B) in the context of a Subject Bid that is not supported by the Company, where the agreement:

(i) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that in either case will provide greater value to the Locked-up Person than the Subject Bid; or

(ii) (a) permits the Locked-up Person to withdraw the Common Shares from the agreement in order to tender or deposit the Common Shares to another Take-over Bid or to support another transaction that contains an offering price for each Common Share that exceeds by as much as or more than a specified amount (the "**Specified Amount**") the offering price for each Common Share contained in or proposed to be contained in the Subject Bid; and (b) does not by its terms provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Subject Bid; and

(iii) does not provide for any "**break-up fees**", "**top-up fees**", penalties, expenses or other amounts that exceed in the aggregate the greater of:

(a) the cash equivalent of 2.5% of the price or value payable under the Take-over Bid to a Locked-up Person; and

(b) 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Take-over Bid;

which shall be payable by a Locked-up Person pursuant to the Lock-up Agreement in the event a Locked-up Person fails to deposit or tender Common Shares to the Take-over Bid or withdraws Common Shares in order to accept the other Take-over Bid or support another transaction;

and for a greater clarity an agreement may contain a right of first refusal or require a period of delay to give an offeror an opportunity to match a higher price in another Take-over Bid or other similar limitation on a Locked-up Person as long as the Locked-up Person can accept another bid or tender to another transaction;

(bb) "**Market Price**" per share of any securities on any date of determination shall mean the weighted average trading price per share of such securities (determined as described below) for the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in section 3.2 shall have caused the sale prices in respect of any Trading Day used to determine the Market Price not to be fully comparable with the sale prices on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such sale price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2 in order to make it fully comparable with the sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The weighted average trading price per share of any securities on any date shall be determined by dividing the aggregate sale price of all securities sold on the principal stock exchange in Canada on which such securities are listed and posted for trading divided by the total number of securities so sold; and

(i) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be calculated using the sale prices for such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such securities are listed or admitted to trading;

(ii) if for any reason such prices are not available on such day or the securities are not listed and posted for trading on a stock exchange in Canada or a

national securities exchange in the United States, the Market Price shall be calculated using the average of the high bid and low asked prices of each share of such securities in the over-the-counter market, as reported by The National Association of Securities Dealers, Inc. or such other comparable system then in use; or

(iii) if on any such date the securities are not quoted by any such organization, the Market Price shall be calculated using the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities;

provided, however, that if on any such date the securities are not traded on any exchange or in the over-the-counter market and the price referred to in clause 1.1(aa)(iii) is not available, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

(cc) "**Offer to Acquire**" shall include:

(i) an offer to purchase, or a solicitation of an offer to sell Common Shares; and

(ii) an acceptance of an offer to sell Common Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person who made the offer to sell;

(dd) "**Offeror**" shall mean a Person who has announced a current intention to make or who is making a Take-over Bid (including a Permitted Bid or a Competing Permitted Bid) but only so long as the Take-over Bid so made or announced has not been withdrawn or terminated or has not expired;

(ee) "**Permitted Acquisition**" shall mean an acquisition of Common Shares of the Company by a Person

(i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Common Shares of the Company or Convertible Securities on the same pro rata basis as all other holders of Common Shares, or

(ii) pursuant to a regular dividend reinvestment or other plan of the Company made available by the Company to the holders of Common Shares of the Company, or

(iii) pursuant to the receipt and/or exercise of rights issued by the Company to all of the holders of Common Shares of the Company to subscribe for or purchase Common Shares of the Company or Convertible Securities, provided that such rights are acquired directly from the Company and not from any other Person, provided that the Person does not thereby acquire a greater percentage of Common Shares than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or exercise; or

(iv) pursuant to a distribution to the public by the Company of Common Shares, or securities convertible into or exchangeable for Common Shares or Convertible Securities, pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Common Shares or Convertible Securities or securities convertible into or exchangeable for Common Shares or Convertible Securities, so offered than the Person's percentage of Common Shares Beneficially Owned immediately prior to such acquisition or to an amalgamation, merger or other statutory procedure requiring shareholders' approval; or

(v) pursuant to a distribution by the Company of Common Shares or Convertible Securities by way of a private placement by the Company or upon the exercise by an individual employee of stock options granted under a stock option plan of the Company or rights to purchase securities granted under a share purchase plan of the Company, provided that (1) all necessary stock exchange approvals for such private placement, stock option plan or share purchase plan have been obtained and such private placement, stock option plan or share purchase plan complies with the terms and conditions of such approvals and (2) such Person does not become the Beneficial Owner of more than 25% of the Common Shares outstanding immediately prior to the distribution, and in making this determination the Common Shares to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Common Shares immediately prior to the distribution;

(ff) "**Permitted Bid**" means a Take-over Bid that is made by means of a Take-over Bid circular and that also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Common Shares of the Company as registered on the books of the Company, other than the Offeror;

(ii) the Take-over Bid contains, and the take-up and payment for Common Shares tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Common Shares shall be taken up and paid for pursuant to the Take-over Bid prior to the Close of Business on the date which is not less than 60 days after the date of the Take-over Bid and only if at such date more than 50% of the Common Shares then outstanding held by Independent Shareholders, shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Common Shares may be deposited pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which the Common Shares may be taken up and paid for and that any such shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

(iv) the Take-over Bid contains an irrevocable and unqualified provision that in the event that more than 50% of the Common Shares then outstanding held by Independent Shareholders shall have been deposited to the Take-over Bid as at the date of first take-up or payment for Common Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 Business Days from the date of such public announcement;

(gg) "**Permitted Bid Acquisition**" shall have the meaning ascribed thereto in subclause 1.1(c)(ii)(b);

(hh) "**Person**" shall include any individual, body corporate, firm, partnership, association, cooperative, trust, trustee, executor, administrator, legal personal representative, group, unincorporated organization, syndicate, government or governmental agency or instrumentality, or any other entity;

(ii) "**Record Time**" shall mean 6:00 p.m. (Montreal time) on February 9, 2010;

(jj) "**Right**" shall have the meaning ascribed thereto in the recitals hereto; (kk) "**Rights Agent**" shall mean Computershare Trust Company of Canada;

(ll) "**Rights Certificates**" shall mean the certificates representing the Rights after the Separation Time, which shall be in the form attached hereto as Exhibit A;

(mm) "**Rights Register**" and "Rights Registrar" shall have the respective meanings ascribed thereto in subsection 2.3(a);

(nn) "***Securities Act* (Ontario)**" shall mean the Securities Act, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(oo) "***Securities Act* (Québec)**" shall mean the Securities Act, R.S.Q. c. V-1.1, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(pp) "**Separation Time**" shall mean, subject to subsection 6.1(f), the Close of Business on the tenth Business Day after the earlier of:

(i) the Stock Acquisition Date;

(ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and

(iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later time as may be determined by the Board of Directors acting in good faith; provided that if the Take-over Bid expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this subsection 1.1(mm), never to have been made and provided further that if the Board of Directors determines pursuant to section 6.1 hereof to waive the application of section 4.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

(qq) "**Shares**" shall mean the shares in the capital of the Company;

(rr) "**Share Reduction**" shall have the meaning ascribed thereto in subclause 1.1(c)(ii)(a);

(ss) "**Stock Acquisition Date**" shall mean the date of the first public announcement (which for the purposes of this definition shall include, without limitation, the filing of a report pursuant to the *Securities Act* (Ontario) or pursuant to the *Securities Act* (Québec) or section 13(d) under the the 1934 *Exchange Act*) by the Company or an Acquiring Person of facts indicating that a Person has become an Acquiring Person;

(tt) "**Subsidiary**" of a Person shall have the meaning ascribed thereto in the *Securities Act* (Ontario);

(uu) "**Take-over Bid**" shall mean an Offer to Acquire Common Shares of the Company or other securities convertible into Common Shares of the Company, where the Common Shares or other securities of the Company subject to the Offer

to Acquire are acquired at the date of such Offer to Acquire by the Person making such Offer to Acquire, together with the Common Shares Beneficially Owned by the Person making the Offer to Acquire would constitute in the aggregate 20% or more of the outstanding Common Shares of the Company;

(vv) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to subsection 6.1(e) or section 6.15;

(ww) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal United States or Canadian securities exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any United States or Canadian securities exchange, a Business Day;

(xx) "**US.-Canadian Exchange Rate**" shall mean on any date:

(i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and

(ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which shall be calculated in the manner determined by the Board of Directors from time to time acting in good faith;

(yy) "**US. Dollar Equivalent**" of any amount which is expressed in Canadian dollars shall mean on any date the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Descriptive Headings

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

1.4 References to Agreement

References to "this Agreement", "hereto", "herein" "hereby" "hereunder", "hereof" and similar expressions refer to this Agreement, as amended or supplemented from time to time, and not to any particular Article, section, subsection, clause, subclause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto.

1.5 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Common Shares

(a) For the purposes of this Agreement, in determining the percentage of the outstanding Common Shares of the Company with respect to which a Person is or is deemed to be the Beneficial Owner, all unissued Common Shares of the Company of which such Person is deemed to be the Beneficial Owner shall be deemed to be outstanding.

(b) The percentage of outstanding Common Shares of the Company Beneficially Owned by any Person shall, for the purposes of this Agreement, be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

where: A = the number of votes for the election of all directors generally attaching to the Common Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Common Shares of the Company.

1.6 Acting Jointly or in Concert

For purposes of this Agreement, a Person shall be acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire, or Offer to Acquire any Common Shares of the Company (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of a prospectus or by way of a private placement or pursuant to a pledge of securities in the ordinary course of business).

1.7 Application of Statutes, Regulations and Rules

Where a statute, regulation or rule is referred to in a definition or other provision of this Agreement, it shall be conclusively deemed to have application in the contemplated circumstances notwithstanding that such statute, regulation or rule might not, but for the provisions of this section 1.7 have application for want of jurisdiction or otherwise.

ARTICLE 2
THE RIGHTS

2.1 Legend on Certificates

Certificates for Common Shares issued after the Record Time but prior to the Close of Business on the earlier of the Separation Time and the Expiration Time shall evidence, one Right

for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

UNTIL THE SEPARATION TIME (AS DEFINED IN THE RIGHTS AGREEMENT REFERRED TO BELOW), THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A SHAREHOLDER RIGHTS PLAN AGREEMENT, DATED AS OF THE 10th DAY OF FEBRUARY, 2010 (THE "**RIGHTS AGREEMENT**") BETWEEN THERATECHNOLOGIES INC. (THE "**COMPANY**") AND COMPUTERSHARE TRUST COMPANY OF CANADA, AS RIGHTS AGENT, (AS THE SAME MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF) THE TERMS OF WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AND A COPY OF WHICH MAY BE INSPECTED DURING NORMAL BUSINESS HOURS AT THE HEAD OFFICE OF THE COMPANY. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT SUCH RIGHTS MAY BE TERMINATED, MAY EXPIRE, MAY BECOME VOID (IF, IN CERTAIN CASES, THEY ARE "BENEFICIALLY OWNED" BY AN "ACQUIRING PERSON", AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT, WHETHER CURRENTLY HELD BY OR ON BEHALF OF SUCH PERSON OR ANY SUBSEQUENT HOLDER) OR MAY BE EVIDENCED BY SEPARATE CERTIFICATES AND MAY NO LONGER BE EVIDENCED BY THIS CERTIFICATE. THE COMPANY WILL MAIL OR ARRANGE FOR THE MAILING OF A COPY OF THE RIGHTS AGREEMENT TO THE HOLDER OF THIS CERTIFICATE WITHOUT CHARGE AS SOON AS IS PRACTICABLE UPON RECEIPT OF A WRITTEN REQUEST THEREFOR.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend until the earlier of the Separation Time and the Expiration Time.

2.2 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Company by any of the Chairman of the Board, the President and Chief Executive Officer or the Vice President, Finance and Chief Financial Officer, together with any other of such persons or together with any one of the Secretary or any other officer of the Company. The signature of any such officers of the Company on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Company learns of the Separation Time, the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature and disclosure statement describing the Rights, and the Rights Agent shall

manually (or by facsimile signature in a manner satisfactory to the Company) countersign and deliver such Rights Certificates to the holders of the Rights pursuant to subsection 3.1(d). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of the countersignature thereof.

2.3 Registration, Registration of Transfer and Exchange

(a) After the Separation Time, the Company will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Company will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed the "**Rights Registrar**" for the purpose of maintaining the Rights Register for the Company and registering Rights and transfers of rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subsection 2.3(c), the Company will execute, and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this section 2.3, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

2.4 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall manually countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as the Rights Certificate so surrendered.

(b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time: (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate; and (ii) such security or indemnity as may be required by each of them to save each of them and any of their agents harmless, then, in the absence of notice to the Company or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this section 2.4, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

(d) Every new Rights Certificate issued pursuant to this section 2.4 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Company, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Company.

2.5 Persons Deemed Owners of Rights

Prior to due presentment of a Rights Certificate, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby, for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.6 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Company may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided for in this section 2.6, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Company upon request.

2.7 Agreement of Rights Holders

Every holder of Rights by accepting such Rights consents and agrees with the Company and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of the Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;

(c) that after the Separation Time, the Rights Certificates will be transferable only upon registration of the transfer on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate, made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights is not entitled to receive any fractional Rights or any fractional Common Shares upon exercise of a Right (except as provided herein);

(f) that without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and

(g) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent and their respective directors and officers shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission or any statute, rule, regulation or executive order promulgated or enacted by such governmental or regulatory authority, prohibiting or otherwise restraining performance of such obligation.

2.8 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Right or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share which may at any time be issuable on the exercise of such Right, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or

Rights Certificate, as such, any of the rights, titles, benefits or privileges of a shareholder of the Company or any right to vote at any meeting of shareholders of the Company whether for the election of directors or otherwise or upon any matter submitted to holders of any Shares at any meeting thereof, or to give or withhold consent to any action of the Company, or to receive notice of any meeting or other action affecting any shareholder of the Company except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by any Rights Certificate shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3
EXERCISE OF THE RIGHTS

3.1 Initial Exercise Price, Exercise of Rights, Detachment of Rights

(a) Subject to adjustment as herein set forth, from and after the Separation Time and prior to the Expiration Time, each Right will entitle the holder thereof to purchase one Common Share for the Exercise Price (or its U.S. Dollar Equivalent) as at the Close of Business on the day immediately preceding the date of the exercise of the Right (which Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Company or any of its Subsidiaries shall be void.

(b) Until the Separation Time:

(i) the Rights shall not be exercisable and no Right may be exercised; and

(ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

(i) the Rights shall be exercisable; and

(ii) the registration and transfer of the Rights shall be separate from and independent of the Common Shares.

(d) Promptly following the Separation Time, the Company will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and other than, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Company (and the Company hereby agrees to furnish copies of such records to the Rights Agent for this purpose):

(i) a Rights Certificate representing the number of Rights held by such holder at the Separation Time in substantially the form of Exhibit A hereto, appropriately completed and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(ii) a disclosure statement describing the Rights;

provided that a Nominee shall be sent the materials provided for in clauses 3.1(d)(i) and 3.1(d)(ii) only in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person.

(e) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

(i) the Rights Certificate evidencing such Rights;

(ii) an election to exercise such Rights (an "**Election to Exercise**"), substantially in the form attached to the Rights Certificate, duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

(iii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the applicable Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for the relevant Common Shares in a name other than that of the holder of the Rights being exercised. The Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

(f) Upon receipt of the Rights Certificate which is accompanied by a completed Election to Exercise (provided that such Right is not null and void pursuant to subsection 4.1(b)) and payment as set forth in clause 3.1(e)(iii), the Rights Agent

(unless otherwise instructed in writing by the Company in the event that the Company is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

(i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Company hereby irrevocably authorizing its transfer agents to comply with all such requisitions);

(ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuing fractional Common Shares;

(iii) after receipt of such Common Share certificate referred to in clause 3.1(f)(i), deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;

(iv) when appropriate, after receipt, deliver such cash referred to in clause 3.1(f)(ii) to or to the order of the registered holder of the Rights Certificate; and

(v) tender to the Company all payments received on exercise of the Rights.

(g) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(h) The Company covenants and agrees that it will:

(i) take all such reasonable action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates representing such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, issued and delivered as fully paid and non-assessable;

(ii) take all such actions as may be necessary and within its power to comply with any applicable requirements of the Companies Act, the Securities Act (Ontario), the Securities Act (Québec) and the securities act or comparable legislation of each of the other provinces of Canada, the 1933 Securities Act and the 1934 Exchange Act (if applicable) and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;

(iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;

(iv) cause to be reserved and kept available out of its authorized and unissued Common Shares the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights; and

(v) pay when due and payable any and all federal and provincial transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Company to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised.

3.2 Adjustments to Exercise Price, Number of Rights

The Exercise Price, the number of Common Shares (or other securities) subject to purchase upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this section 3.2.

(a) In the event the Company shall at any time after the Record Time and prior to the Expiration Time:

(i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other capital stock of the Company) other than pursuant to any dividend reinvestment program;

(ii) subdivide or change the outstanding Common Shares of any class into a greater number of Common Shares; or

(iii) combine or change the outstanding Common Shares of any class into a smaller number of Common Shares; or

(iv) issue any new Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares, in a reclassification, amalgamation, merger, statutory arrangement or consolidation,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below.

If the Exercise Price and the number of Rights outstanding are to be adjusted:

(i) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "**Expansion Factor**") that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof (assuming the exercise of all such exchange or conversion rights, if any); and

(ii) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the Common Shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof. To the extent that such rights of exchange, conversion or acquisition are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights.

If an event occurs which would require an adjustment under both this section 3.2 and section 4.1, the adjustment provided for in this section 3.2 shall be in addition to, and shall be made prior to, any adjustment required under section 4.1.

If the Company shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in this subsection 3.2(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Common Share.

(b) In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them to subscribe for or purchase (for a period expiring within 45 calendar days after such record date) Common Shares (or shares having the same rights, privileges and preferences as Common Shares ("**equivalent Common Shares**")) or securities convertible into Common Shares or equivalent Common Shares at a price per Common Share or per equivalent Common Share (or having a conversion price per share, if a security convertible into Common Shares or equivalent Common Shares) less than 90% of the Market

Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent Common Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Market Price per Common Share; and (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights or warrants are not so issued, the Exercise Price in respect of the Rights shall be readjusted to be the Exercise Price which would then be in effect if such record date had not been fixed. To the extent that such rights of conversion, exchange or purchase are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights.

(c) For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a dividend or interest reinvestment plan or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on the securities of the Company or the investment of periodic optional payments or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Company; provided, however, that in all such cases the right to purchase Common Shares is at a price per share of not less than 90% of the current market price per share (determined as provided in such plans) of Common Shares.

(d) In case the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger in which the Company is the continuing Company) of evidences of indebtedness or assets, including cash (other than a dividend paid in the ordinary course or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), or subscription rights or warrants entitling them to subscribe for or purchase Common Shares (excluding those referred to in subsection 3.2(b)) at a price per Common Share that is less than 90% of the

Market Price per Common Share on such record date, the Exercise Price in respect of the Rights to be in effect after such record date shall be determined by multiplying the Exercise Price in respect of the Rights in effect immediately prior to such record date by a fraction: (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a Common Share; and (ii) the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Exercise Price in respect of the Rights shall be adjusted to be the Exercise Price in respect of the Rights which would have been in effect if such record date had not been fixed.

(e) Notwithstanding anything herein to the contrary, no adjustment in an Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this subsection 3.2(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this section 3.2 shall be made to the nearest cent or to the nearest ten-thousandth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this subsection 3.2(e), any adjustment required by this section 3.2 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Expiration Time.

(f) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with the provisions of Article 6, as applicable, in the event the Company shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in clauses 3.2(a)(i) or 3.2(a)(iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by subsections 3.2(a), 3.2(b) and 3.2(c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Company may determine what other adjustments to the Exercise Price, number of Rights or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subsections 3.2(a), 3.2(b) and 3.2(c) above, such adjustments (rather than the adjustment contemplated by subsections 3.2(a), 3.2(b) and 3.2(c)), shall be made. The Company and the Rights Agent at the written direction of the Company shall amend this Agreement as appropriate to provide for such adjustments.

(g) If, as a result of an adjustment made pursuant to section 4.1, the holder of any Right thereafter exercised shall become entitled to receive any Shares other than

Common Shares, thereafter the number of such other Shares so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as is practicable to the provisions with respect to the Common Shares contained in this section 3.2, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other Shares.

(h) All Rights originally issued by the Company subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(i) Unless the Company shall have exercised its election as provided in subsection 3.2(j), upon each adjustment of an Exercise Price as a result of the calculations made in subsections 3.2(b) and 3.2(d), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) determined by:

(i) multiplying:

(a) the number of such Common Shares which would have been issuable upon the exercise of a Right immediately prior to this adjustment; by

(b) the relevant Exercise Price in effect immediately prior to such adjustment of the Relevant Exercise Price; and

(ii) dividing the product so obtained by the relevant Exercise Price in effect immediately after such adjustment of the relevant Exercise Price.

(j) The Company may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which such a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of the relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at

least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this subsection 3.2(j), the Company shall, as promptly as is practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to section 6.4, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates to be so distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Company, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

(k) Irrespective of any adjustment or change in an Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the relevant Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

(l) In any case in which this section 3.2 shall require that an adjustment in an Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer, until the occurrence of such event, the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Company, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Company, if any, issuable upon such exercise on the basis of the relevant Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(m) Notwithstanding anything in this section 3.2 to the contrary, the Company shall be entitled to make such reductions in each Exercise Price in addition to those adjustments expressly required by this section 3.2, as and to the extent that in its good faith judgment the Board of Directors shall determine to be advisable in order that any: (i) consolidation or subdivision of Common Shares; (ii) issuance wholly for cash of any Common Share or securities that by their terms are convertible into or exchangeable for Common Shares; (iii) stock dividends; or (iv) issuance of rights, options or warrants referred to in this section 3.2 hereafter made by the Company to holders of its Common Shares shall not be taxable to such shareholders.

(n) The Company covenants and agrees that, after the Separation Time, it will not, except as permitted by section 6.1 or 6.5, take (or permit any Subsidiary of the Company to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(o) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 3.2, the Company shall promptly:

(i) File with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and

(ii) Cause notice of the particulars of such adjustment or change to be given to the holders of the Rights; provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

3.3 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the relevant Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the relevant Common Share transfer books of the Company are closed, such Person shall be deemed to have become the holder of record of such Common Shares on, and such certificate shall be dated, the next succeeding Business Day on which the relevant Common transfer books of the Company are open.

ARTICLE 4
ADJUSTMENTS TO THE RIGHTS
IN THE EVENT OF CERTAIN TRANSACTIONS

4.1 Flip-in Event

(a) Subject to subsection 4.1(b) and subsections 6.1(f), 6.1(g) and 6.1(h), in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective on and after the later of its date of issue and the Close of Business on the tenth Trading Day following the Stock Acquisition Date, the right to purchase from the Company, upon payment of the relevant Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price (such

right to be appropriately adjusted in a manner analogous to the applicable adjustments provided for in section 3.2 upon each occurrence after the Stock Acquisition Date of any event analogous to any of the events described in section 3.2).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by: (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or (ii) a transferee or other successor in title, directly or indirectly, (a "**Transferee**") of Rights held by an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) who becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose of avoiding the effect of this subsection 4.1(b) shall become null and void without any further action, and any holder of such Rights (including any Transferee) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection 4.1(b) shall be deemed to be an Acquiring Person for the purposes of this subsection 4.1(b) and such Rights shall become null and void.

(c) In the event that there shall not be sufficient Common Shares authorized for issuance to permit the exercise in full of the Rights in accordance with this section 4.1 the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon the exercise of the Rights.

(d) From and after the Separation Time, the Company shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this section 4.1 including, without limitation, all such acts and things as may be required to satisfy the requirements of the Companies Act, the Securities Act (Ontario), the Securities Act (Québec) or comparable legislation of each of the provinces of Canada, and of the United States and each of the states thereof, if necessary, in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

(e) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in subsection 4.1(b) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

> "The Rights represented by this Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in subsection 4.1(b) of the Rights Agreement."

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Company in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

ARTICLE 5
THE RIGHTS AGENT

5.1 General

(a) The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint one or more Co-Rights Agents as it may deem necessary or desirable subject to the approval of the Rights Agent. In the event the Company appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and Co-Rights Agents shall be as the Company may determine with the approval of the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by them from time to time, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent, its offices, directors and employees for, and to hold them harmless against, any loss, liability or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it (without negligence, bad faith or wilful misconduct on the part of the Rights Agent) in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for Shares of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(c) The Company shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and shall, at any time, upon request by the Rights Agent provide to the Rights Agent an incumbency certificate certifying the then current officers of the Company.

5.2 Merger or Amalgamation or Change of Name of Rights Agent

(a) Any Company into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any Company resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any Company succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Company would be eligible for appointment as a successor Rights Agent under the provisions of section 5.4. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

5.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) the Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Company) and the opinion of such legal counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Company (where such approval may reasonable be obtained and such approval not be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Company's expense, which expenses must be reasonable in the circumstances) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;

(b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President or any Vice-President and by the Treasurer or any Assistant-Treasurer or the Secretary or any Assistant-Secretary of the Company and delivered to the Rights Agent and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;

(d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only;

(e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate, nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subsection 4.1(b)) or

any adjustment required under the provisions of section 3.2 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by section 3.2 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

(f) the Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) the Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be the Chairman of the Board, the President and Chief Executive Officer, any Vice-President or the Secretary or any Assistant-Secretary or the Treasurer or any Assistant-Treasurer of the Company, and to apply to such Persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such Person; it is understood that instructions to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after the giving of such instructions.

(h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity;

(i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof; and

(j) the Rights Agent may retain any cash balance held in connection with this Agreement and may, but need not, hold same in its deposit department or the

deposit department of one of its Affiliates; but the Rights Agent and its Affiliates shall not be liable to account for any profit to the Company or any other person or entity other than at a rate, if any, established from time to time by the Rights Agent or one of its Affiliates.

5.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 90 days prior written notice (or such lesser notice as is acceptable to the Company) mailed to the Company and to each transfer agent of Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. The Company may remove the Rights Agent upon 30 days prior written notice, mailed to the Rights Agent and to each transfer agent of the Shares by registered or certified mail, and to the holders of the Rights in accordance with section 6.8. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Company), then by prior written notice to the Company, the Rights Agent (at the Company's expense, which expenses must be reasonable in the circumstances) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a Company incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Québec. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Company to the predecessor Rights Agent of all outstanding fees and expenses owed by the Company to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this section 5.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 6
MISCELLANEOUS

6.1 Redemption and Waiver

(a) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with subsection 6.5(b) or 6.5(c), as applicable, and prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, the Board of Directors may, acting in good faith, elect to redeem all but not less than all of the then outstanding Rights

at a redemption price of $0.0001 per Right, appropriately adjusted in a manner analogous to the applicable adjustment provided for in section 3.2, if an event of the type analogous to any of the events described in section 3.2 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

(b) If a Person acquires pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition outstanding Common Shares other than Common Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid or such Exempt Acquisition, the Board of Directors of the Company shall, immediately upon such acquisition and without further formality be deemed to have elected to redeem the Rights at the Redemption Price.

(c) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(d) Within 10 Business Days after the Board of Directors electing or being deemed to have elected to redeem the Rights or, if subsection 6.1(a) is applicable, within 10 Business Days after the holders of Common Shares or the holders of Rights have approved a redemption of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears on the Rights Register or, prior to the Separation Time, on the register of Common Shares maintained by the Company's transfer agent. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made. The Company may not redeem, acquire or purchase for any value any Rights at any time in any manner other than that specifically set forth in this section 6.1 or in connection with the purchase of Common Shares prior to the Separation Time.

(e) If the Board of Directors elects to or is deemed to have elected to redeem the Rights and, in circumstances where subsection 6.1(a) is applicable, such redemption is approved by the holders of Common Shares or the holders of Rights in accordance with subsection 6.5(b) or 6.5(c), as applicable, (i) the right to exercise the Rights will thereupon without further action and without notice terminate and the only right thereafter of the holder of a Right shall be to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued.

(f) Upon written notice to the Rights Agent, the Board of Directors may, in respect of any Flip-in Event waive the application of section 4.1 in respect of that Flip-in Event, provided that both of the following conditions are satisfied: (i) the Board of Directors had determined, within 10 Business Days following a Stock Acquisition Date, that the Person became an Acquiring Person by inadvertence and without any intent to become, or knowledge that it would become, an

Acquiring Person; and (ii) such Acquiring Person, within 14 days after such determination or such earlier or later period as the Board of Directors may determine (the "**Disposition Date**") has reduced its Beneficial Ownership of Common Shares such that at the time of waiver pursuant to this subsection 6.1(f) it is no longer an Acquiring Person; if the Acquiring Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and section 4.1 shall apply thereto. In the event of any such waiver pursuant to this subsection 6.1(g), for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

(g) The Board of Directors may, until a Flip-in Event shall have occurred, upon written notice delivered to the Rights Agent, determine to waive the application of section 4.1 to a Flip-in Event but only if such Flip-in Event occurs by reason of a Take-over Bid made by way of a take-over bid circular to all holders of record of the Common Shares of the Company which are subject to the Take-over Bid (which, for greater certainty, does not include the circumstances described in subsection 6.1(f)); provided however, that if the Board of Directors waives the application of section 4.1 to a particular Flip-in Event pursuant to this subsection 6.1(g), the Board of Directors shall be deemed to have waived the application of section 4.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of record of Common Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 6.1(g).

(h) The Board of Directors may, with the prior consent of the holders of Common Shares given in accordance with subsection 6.5(b), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of section 4.1 has not been waived pursuant to this section 6.1, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares and otherwise than in the circumstances set forth in subsection 6.1(f), to waive the application of section 4.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than 10 Business Days following the meeting of shareholders called to approve such waiver.

6.2 Expiration

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in section 5.1.

6.3 Issuance of New Rights Certificate

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.4 Fractional Rights and Fractional Shares

(a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the fraction of the Market Price of a whole Right that the fraction of a Right which would otherwise be issuable is of one whole Right at the date of such issuance.

(b) The Company shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Company shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of a whole Common Shares that the fraction of a Common Share which would otherwise be issuable upon the exercise of such right is of one whole Common Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to paragraph (a) or (b), respectively, unless and until the Company shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares.

6.5 Supplements and Amendments

(a) The Company may make, without the approval of the holders of Rights or Common Shares, any amendments to this Agreement (i) to correct any clerical or typographical error or (ii) which are required to maintain the validity and effectiveness of the Agreement as a result of any change in any applicable laws, rules or regulatory requirements. The Company may, prior to the due date of the shareholders' meeting referred to in section 6.15, supplement, amend, vary, rescind or delete any of the provisions of this Agreement without the approval of any holders of Rights or Common Shares (whether or not such action would materially adversely affect the interest of the holders of Rights generally) where the Board of Directors acting in good faith deems such action necessary or desirable. Notwithstanding anything in this section 6.5 to the contrary, no

amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to subsection 6.5(a), the Company may, with the prior consent of the holders of Common Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Common Shares at a special meeting called and held in compliance with applicable laws, rules and regulatory requirements and the requirements in the articles and by-laws of the Company. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at the special meeting.

(c) Subject to subsection 6.5(a), the Company may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Rights at a special meeting of holders of Rights called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the articles and by-laws of the Company applicable to meetings of holders of Common Shares, applied *mutatis mutandis*. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to subsection 4.1(b)), represented in person or by proxy at the special meeting.

(d) Any amendments made by the Company to this Agreement pursuant to subsection 6.5(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:

(i) if made before the Separation Time, be submitted to the holders of Common Shares of the Company at the next meeting of shareholders and the shareholders may, by the majority referred to in subsection (b), confirm or reject such amendment; and

(ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Company and the holders of Rights may, by resolution passed by the majority referred to in subsection 6.5(c), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders of the Company or the holders of Rights or is not submitted to the shareholders of the Company or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights as the case may be.

(e) The Company shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to Section 6.5 within five Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, of any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

6.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations of, and injunctive relief against actual or threatened violations of the obligations of, any Person subject to this Agreement.

6.7 Notice of Proposed Actions

If after the Separation Time and prior to the Expiration Time:

(a) there shall occur an adjustment to the Rights pursuant to section 4.1 as a result of the occurrence of a Flip-in Event; or

(b) the Company proposes to effect the liquidation, dissolution or winding-up of the Company or the sale of all or substantially all of the Company's assets;

then, in each such case, the Company shall give to each holder of a Right, in accordance with section 6.8, a notice of such proposed action, which shall specify the date on which such adjustment to the Rights, liquidation, dissolution or winding-up occurred or is to take place, and such notice shall be so given at least 10 Business Days after the occurrence of an adjustment to the Rights or at least 20 Business Days prior to the date of taking such proposed action.

6.8 Notices

Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Company shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Theratechnologies Inc.
2310 Alfred-Nobel Boulevard
Montreal, Québec
H4S 2B4

Attention: General Counsel and Corporate Secretary
Facsimile: 514 331 9691

Any notice or demand authorized or required by this Agreement to be given or made by the Company or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Computershare Trust Company of Canada
1500 University Street
Suite 700
Montreal, Québec
H3A 3S8

Attention: Manager, Client Services
Facsimile: 514 982 7580

Notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the Company for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

6.9 Costs of Enforcement

The Company agrees that if the Company fails to fulfil any of its obligations pursuant to this Agreement, then the Company will reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

6.10 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

6.11 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement, and this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of the Rights.

6.12 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Québec and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

6.13 Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

6.14 Severability

If any section, subsection, clause, subclause, term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such section, subsection, clause, subclause, term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining sections, subsections, clauses, subclauses, terms and provisions hereof or the application of such section, subsection, clause, subclause, term or provision to circumstances other than those as to which it is held invalid or unenforceable.

6.15 Effective Date

(a) Notwithstanding its amendment and restatement as at the date hereof, and subject to subsection 6.15(b), this Agreement:

(i) shall be effective and in full force and effect in accordance with its terms from and after the Effective Date and shall replace and supersede the Original Plan and shall constitute the entire agreement between the parties pertaining to the subject matter hereof as of the Effective Date; and

(ii) shall expire and be of no further force or effect from and after the Expiration Time.

(b) Notwithstanding subsection 6.15(a), if the Agreement is not approved by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of approval of this Agreement at the annual and special meeting of the holders of Common Shares scheduled to be held on March 25, 2010, then the Plan and all outstanding Rights shall terminate and be null and void and of no further force and effect from and after the Effective Date.

6.16 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including any omissions with respect thereto) made or done by the Board of Directors in good faith for the purposes hereof shall not subject the Board of Directors, or any director of the Company, to any liability to the holders of Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Regulatory Approvals

Any obligation of the Company or action contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any applicable regulatory authority including, without limiting the generality of the foregoing, any necessary approvals of any stock exchanges on which any securities of the Company are listed.

6.19 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed as of the date first above written.

THERATECHNOLOGIES INC.

By: *(signed) Yves Rosconi*
President and Chief Executive Officer

COMPUTERSHARE TRUST COMPANY OF CANADA

By: *(signed) Martine Gauthier*
Professional, Client Services

(signed) Julien Lavallière
Professional, Client Services

EXHIBIT A

FORM OF RIGHTS CERTIFICATE

Certificate No. _____ ___Rights

RIGHTS CERTIFICATE

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 4.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM OR SUCH PERSON'S ASSOCIATES OR AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, as the same may be amended or supplemented from time to time, made as of February 10, 2010 (the "**Rights Agreement**") between Theratechnologies Inc., a company existing under the laws of Québec (the "**Company**") and Computershare Trust Company of Canada, a trust company existing under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Company at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid Common Share of the Company (a "**Share**"), at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in any of the cities of Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax. The Exercise Price shall initially be $25.00 Canadian per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the registered office of the Company and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder

shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate (i) may be, and under certain circumstances are required to be, redeemed by the Company at a redemption price of $0.0001 per Right and (ii) may be exchanged at the option of the Company for cash, debt or equity securities or other assets of the Company.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any Shares of the Company which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders of the Company at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Company, or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal.

Date: _____

THERATECHNOLOGIES INC.

By: _____

By: _____

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

By: _____

FORM OF ELECTION TO EXERCISE

TO: COMPUTERSHARE TRUST COMPANY OF CANADA

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase Common Shares (the "**Shares**") issuable upon the exercise of such Rights and requests that certificates for such Shares to be issued to:

Name

Address

City and Province

Social Insurance, Social Security Number or other taxpayer identification number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Name

Address

City and Province

Social Insurance, Social Security Number or other taxpayer identification number

Dated: _____

Signature

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

New Rights Plan

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed if true)

The undersigned hereby represents, for the benefit of the Company and all holders of Rights and of Shares of the Company, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as such terms are defined in the Rights Agreement).

Signature

FORM OF ASSIGNMENT

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers unto _____

_____

_____

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein.

Dated: _____

Signature Guaranteed:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, or a member of a recognized Medallion Guarantee program..

(To be completed if true)

The undersigned hereby represents, for the benefit of the Company and all holders of Rights and of Shares of the Company, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with any of the foregoing (as defined in the Rights Agreement).

_____

Signature

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Company will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights will be null and void.

Exhibit 99.87

SUPPLY AGREEMENT

This Supply Agreement (hereafter the **"Agreement"**) is made as of this 5th day of January, 2010 (hereafter **"Effective Date"**) by and between Theratechnologies Inc., having a principal place of business at 2310 Alfred-Nobel Boulevard, Montreal, Quebec, H4S 2B4, Canada (hereafter **"Thera"**) and Gruppo Cartotecnico Abar litofarma srl, having a principal place of business at Via Pusiano, 4 — Sesto Ulteriano 20098, San Giuliano, Milan, Italy (hereafter **"GCAL"**).

Whereas , Thera owns rights to the compound, tesamorelin, a stabilised synthetic analogue of the growth hormone-releasing factor (GRF) (hereafter **"Tesamorelin"**);

Whereas, Thera intends to commercialize Tesamorelin for the treatment of HIV-associated lipodystrophy in the United States;

Whereas, Thera wishes to purchase from GCAL pharmaceutical mass market folding boxes comprising the **[Redacted: Name]** Supergraph for the commercialization of Tesameorelin in the United States.

Now, Therefore, in consideration of the premises and the mutual promises and agreements contained herein, Thera and GCAL agree as follows:

Article 1. Definitions

The following words and phrases when used herein with capital letters shall have the meanings set forth or referenced below:

1.1 **"Affiliate"** shall mean any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party to this Agreement. A corporation or non-corporate business entity shall be regarded as in control of another corporation or non-corporate business entity if it owns, or directly or indirectly controls, in excess of fifty percent (50%) of the voting stock of the other corporation, or (a) in the absence of the ownership of in excess of fifty percent (50%) of the voting stock of a corporation or (b) in the case of a non-corporate business entity, if it possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or non-corporate business entity, as applicable.

1.2 **"Artwork"**shall mean the logos, trade dress, Trademark, trade names and other design printed on the Product.

1.3 **"Confidential Information** " shall have the meaning ascribed thereto in the non-disclosure and non-use agreement attached hereto as Exhibit 8.1.

1.4 **"[Redacted: Name] Supergraph"** shall mean the hologram developed by **[Redacted: Name]** and affixed on the pharmaceutical mass market folding boxes manufactured by GCAL.

1.5 **"Product "**shall mean GCAL's pharmaceutical mass market folding boxes manufactured in accordance with industry standards and the Product Specifications.

1.6 **"Product Specifications "**shall mean the specifications of the Product comprising the **[Redacted: Name]** Supergraph and the Artwork and attached hereto as Exhibit 1.6.

1.7 **"Purchase Order"** shall mean the purchase order attached hereto as Exhibit 1.7.

1.8 **"Third Party "**shall mean a party other than GCAL or Thera and their respective Affiliates.

1.9 **"Trademark"** shall mean **[Redacted: Name]** , its logo and colour scheme, all of which are proprietary to Thera.

Article 2. Supply of Product

2.1 **Supply of Product**. Pursuant to the terms and conditions of this Agreement and for the duration of this Agreement and upon receipt of a Purchase Order from Thera, GCAL shall supply the Product to Thera, and Thera shall take delivery of the Product from GCAL. GCAL shall supply the Product in accordance with the Product Specifications.

2.2 **Product Artwork** .Thera shall supply GCAL with the Artwork to be printed on the Product.

2.3 **Changes in Product Specifications**. Product Specifications shall not be changed without Thera's express written consent. Changes to Product Specifications which relate directly to the Trademark shall be made at Thera's cost. Any other changes to Product Specifications authorised by Thera, including changes to the **[Redacted: Name]** Supergraph, shall be made at GCAL's cost.

2.5 **Delivery of Product**. GCAL shall deliver the Product to Thera, **[Redacted: Delivery Terms]** at the location specified by Thera in each Purchase Order issued to GCAL. Shipment shall be via a carrier designated by GCAL. **[Redacted: Transfer of Risk]**. GCAL shall pay **[Redacted: Description of Costs]**. GCAL shall give Thera sufficient notice as to when the Product shall be shipped to the location specified by Thera. GCAL shall provide the Product with a packing list and bill of lading consigned to Thera.

2.6 **Price and Payment**. GCAL shall invoice Thera for the Product at the prices set forth on Exhibit 2.6 attached hereto. Thera shall make payment **[Redacted: Term]** from the later of the date of receipt of GCAL's invoice or the date on which the Product is delivered to Thera as per the terms of Section 2.5 above.

2.7 **Non-Conforming Product**. In the event Thera or **[Redacted: Name]** determines that the Product is not in compliance with the Product Specifications, Thera shall notify GCAL and provide GCAL with a sample of the non-conforming Product. Any and all Product that does not comply with the Product Specifications shall be returned to GCAL at GCAL's cost, Ex Works Thera's designated facility or **[Redacted: Name]** 's facility.

2.8 **Replacement of Non-Conforming Product.** GCAL shall replace at no cost to Thera on an expedited basis all Products delivered to Thera which do not comply with the Product Specifications.

2.9 **Audits**

(a) GCAL hereby grants Thera (or its Third Party designees) the right to conduct audits of GCAL's or its subcontractors' packaging facilities.

(b) Thera shall notify GCAL in writing of its intent to audit GCAL. Thera and GCAL will determine mutually acceptable dates for the audit. Any auditors who are not employees of Thera shall be required to enter into confidentiality agreements with GCAL or its subcontractors and Thera containing terms of non-disclosure and non-use at least as stringent as those set forth in Article 8 herein. Auditors shall abide by GCAL's or its sub-contractors' visitor policies. GCAL or its subcontractors shall have the right to protect the confidential information of its other clients and products and to limit the audit to such areas of the production facility that are relevant to the Product.

(c) The auditors shall issue a written report of their findings within **[Redacted: Term]** of the audit. Thera shall provide to GCAL a written report of its findings as soon as possible, or within **[Redacted: Term]** after the conclusion of the audit. GCAL shall promptly address the audit findings, but in no event later than **[Redacted: Term]** of receiving the report.

Article 3. Purchase Orders

3.1 **Purchase Order Terms**. GCAL shall supply the Product to Thera in accordance with Thera's Purchase Orders within **[Redacted: Term]** of the receipt by GCAL of Thera's Purchase Order. Each Purchase Order or any acknowledgment thereof, whether printed, stamped, typed, or written shall be governed by the terms of this Agreement and none of the provisions of such Purchase Order shall be applicable except those specifying Product and quantity ordered, delivery dates, shipping instructions and invoice information.

Article 4. Warranties; Covenants and Indemnification

4.1 **Thera's Warranties**.

(a) Thera represents and warrants that it will abide by all applicable laws and regulations in performing its obligations under this Agreement.

(b) Thera also represents and warrants to GCAL that Thera's performance of its obligations under this Agreement will not result in a material violation or breach of any agreement, contract, commitment or obligation to which Thera is a party or by which it is bound and will not conflict with or constitute a default under its corporate charter or bylaws.

4.2 **GCAL's Warranties and Covenants**.

(a) GCAL represents and warrants to Thera that the Product GCAL delivers to Thera pursuant to this Agreement shall, at the time of delivery, be free from defects in material and workmanship and shall be manufactured: (i) in accordance and in conformity with the Product Specifications; and (ii) in compliance with all applicable statutes, laws, rules or regulations, including those relating to the environment, food or drugs and occupational health and safety, including, without limitation, those enforced or promulgated by the FDA.

(b) GCAL represents and warrants to Thera that it has the capacity to manufacture at least **[Redacted: Quantity]** Products annually.

(c) GCAL represents and warrants to Thera that GCAL's performance of its obligations under this Agreement will not result in a material violation or breach of any agreement, contract, commitment or obligation to which GCAL is a party or by which it is bound and will not conflict with or constitute a default under its Certificate of Incorporation or corporate bylaws.

(d) GCAL represents and warrants to Thera that the manufacture and supply of the Product in accordance with the Product Specifications does not infringe, and does not constitute misappropriation of, any Third Parties' intellectual property.

(e) GCAL represents and warrants to Thera that it has the right to use the **[Redacted: Name]** Supergraph on the Product and that GCAL has not been notified to cease using or manufacturing the Product with the **[Redacted: Name]** Supergraph.

(f) GCAL hereby agrees to promptly notify Thera of any notice it receives from a Third Party alleging (i) the infringement of such Third Party's intellectual property or (ii) that it must cease using the **[Redacted: Name]** Supergraph.

Article 5. Indemnification

5.1 **Indemnification by GCAL**. GCAL shall indemnify and hold harmless Thera, its Affiliates, officers, directors and employees from and against any and all claims, causes of action, suits, costs and expenses (including reasonable attorney fees), losses or liabilities of any kind related to this Agreement and asserted by Third Parties to the extent such arise out of or are attributable to: (a) GCAL's breach of any representation or warranty set forth in Section 4.2; (b) any violation of any proprietary right of any Third Party relating to GCAL's manufacturing processes of the Product pursuant to this Agreement; or (c) any negligent or wrongful act or omission on the part of GCAL, its employees, agents or representatives and which relate to GCAL's performance hereunder.

5.2 **Conditions of Indemnification**. If Thera seeks indemnification hereunder from GCAL, Thera shall promptly give notice to GCAL of any such claim or suit threatened, made or filed against it which forms the basis for such claim of indemnification and shall cooperate fully with GCAL in the investigation and defense of all such claims or suits. GCAL shall have the option to assume Thera's defense in any such claim or suit with counsel reasonably satisfactory to Thera. No settlement or compromise shall be binding on Thera without its prior written consent, such consent not to be unreasonably withheld, *provided, however* that consent shall not be required from Thera for any settlement or compromise involving a monetary payment at the time of such settlement or compromise and *further provided* that such payment does not trigger the liability of Thera.

Article 6. Intellectual Property Rights

6.1 **GCAL's Proprietary Rights**. GCAL has granted no license, express or implied, to Thera to use GCAL proprietary technology, know-how or other proprietary rights, other than for the purposes of this Agreement.

6.2 **Thera's Proprietary Rights**. Thera has granted no license, express or implied, to GCAL to use Thera's compound, proprietary technology, know-how or other proprietary rights, other than for the purposes of this Agreement.

Article 7. Term and Termination

7.1 **Term**. This Agreement shall commence on the Effective Date and, unless earlier terminated as provided below, shall expire**[Redacted: Term]** after the Effective Date (hereafter the **"Initial Term"**). Unless otherwise terminated in accordance with this Article 7, this Agreement shall be automatically extended for additional and successive terms of **[Redacted: Term]** each (each, a **"Renewal Term"**) unless either party gives the other party no less than**[Redacted: Term]** written notice of its intention not to renew prior to the expiry of the Initial Term. During any Renewal Term, either party may give notice of its intention not to renew the current Renewal Term by providing the other party with no less than **[Redacted: Term]** written notice of its intention not to renew prior to the expiry of the relevant Renewal Term.

7.2 **General Termination Rights**. Either party may terminate this Agreement as follows: (i) immediately by providing written notice upon the bankruptcy or the insolvency of the other party; or (ii)upon the expiry of a **[Redacted: Term]** period following a prior written notice has been given by a party to the other party upon the breach of any representation, warranty, covenant or any other material provision of this Agreement by the other party if the breach is not cured within that **[Redacted: Term]** period.

7.3 **Termination by Thera**. Thera shall have the right to terminate this Agreement with or without cause;*provided, however*, that Thera gives GCAL no less than **[Redacted: Term]** prior written notice during the Initial Term and during any Renewal Term.

7.4 **Accrued Payment Obligations**. Upon termination pursuant to this Article 7, except by reason of breach by GCAL, Thera shall reimburse GCAL for**[Redacted: Cost]**. GCAL

shall invoice Thera for all amounts due hereunder. Payment shall be made pursuant to Section 2.6 herein.

7.5 **Survival**. Expiration or early termination of this Agreement shall not relieve either party of any obligations that it may have incurred prior to expiration or early termination, in particular those covenants and agreements contained in Articles 4, 5, 6, 8 and 9, which will continue in full force and effect for a period of **[Redacted: Term]** unless a different time period is provided for herein.

Article 8. Confidential Information

8.1 **Nondisclosure**. The terms and conditions contained in the non-disclosure and non-use agreement dated January 5, 2010 between the parties and attached hereto as Exhibit 8.1 shall govern the disclosure of Confidential Information by either party under this Agreement.

8.2 **Public Announcements**. Neither party shall make any public announcement concerning the transactions contemplated herein, or make any public statement which includes the name of the other party or any of its Affiliates, or otherwise use the name of the other party or any of its Affiliates in any public statement or document, except as may be required by law or judicial order, without the written consent of the other party, which consent shall not be unreasonably withheld. Subject to any legal or judicial disclosure obligation, any such public announcement proposed by a party that names the other party shall first be provided in draft to the other party. GCAL acknowledges that Thera is a publicly traded company with continuous disclosure obligations. Accordingly, Thera may have to disclose in a press release, a material change report, its financial statements or in its other continuous disclosure documents the execution of this Agreement and the material terms thereof. In addition, GCAL acknowledges that Thera may have to file this Agreement with the Canadian securities regulatory authorities in order to fulfill its continuous disclosure obligations in Canada.

8.3 **Injunctive Relief**. The parties acknowledge that either party's breach of this Article 8 may cause the other party irreparable injury for which it would not have an adequate remedy at law. In the event of a breach, the non-breaching party may be entitled to injunctive relief in addition to any other remedies it may have at law or in equity.

Article 9. Miscellaneous

9.1 **Notices**. All notices hereunder shall be delivered as follows: (a) personally; (b) by facsimile and confirmed by first class mail (postage prepaid); (c) by registered or certified mail (postage prepaid); or (d) by overnight courier service, to the following addresses of the respective parties:

If to Theratechnologies:

2310 Alfred-Nobel Boulevard
Montreal, Québec, Canada
H4S 2B4
Attention: Vice President
Pharmaceutical Development

Facsimile: (514) 331-7321

If to Gruppo Cartotecnico Abar Litofarma SRL:
Via Pusiano, 4—Sesto Ulteriano 20098,
San Giuliano, Milan, Italy

Attention: Sales Office
Messima Piero

Facsimile: 39 0298 839290

Notices shall be effective upon receipt if personally delivered or delivered by facsimile and confirmed by first class mail, on the third business day following the date of registered or certified mailing or on the first business day following the date of or delivery to the overnight courier. A party may change its address listed above by written notice to the other party.

9.3 **Governing Law.** This Agreement shall be construed, interpreted and governed by the laws of the State of New York excluding the Vienna Convention on the International Sale of Goods and the Parties hereby submit to the exclusive jurisdiction of the courts of New York to settle any dispute, litigation or interpretation issues arising from or under the Agreement, including issues relating to its validity and formation.

9.4 **Assignment.** Neither party shall assign this Agreement nor any part thereof without the prior written consent of the other party; provided, however: (a) either party may assign this Agreement to one of its wholly-owned subsidiaries or its parent corporation without such consent; and (b) either party, without such consent, may assign this Agreement in connection with the transfer, sale or divestiture of substantially all of its business to which this Agreement pertains or in the event of its merger or consolidation with another company. Notwithstanding the foregoing, Thera, without such consent, shall have the right to assign this Agreement to its collaboration development partner, **[Redacted: Name]**. Any permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve any party of responsibility for the performance of any accrued obligation which such party then has hereunder.

9.6 **Entire Agreement**. This Agreement, together with the Exhibit(s) referenced and incorporated herein, constitute the entire agreement between the parties concerning the subject matter hereof and supersede all written or oral prior agreements or understandings with respect thereto.

9.7 **Severability**. This Agreement is subject to the restrictions, limitations, terms and conditions of all applicable governmental regulations, approvals and clearances. If any term or provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision hereof, and this Agreement shall be interpreted and construed as if such term or provision, to the extent the same shall have been held to be invalid, illegal or unenforceable, had never been contained herein.

9.8 **Waiver-Modification of Agreement**. No waiver or modification of any of the terms of this Agreement shall be valid unless in writing and signed by authorised representatives of both parties. Failure by either party to enforce any such rights under this Agreement shall not be construed as a waiver of such rights, nor shall a waiver by either party in one or more instances be construed as constituting a continuing waiver or as a waiver in other instances.

9.9 **Insurance**. GCAL will procure and maintain, at its own expense, for the duration of the Agreement, (a) Commercial General Liability including premises operations, products & completed operations, blanket contractual liability, personal injury and advertising injury including fire legal liability for bodily injury and property damage; and (b) Excess Liability, including product liability with a combined single limit. Upon request, GCAL shall provide to Thera a certificate evidencing the insurance GCAL is required to obtain and keep in force pursuant to this Section 9.9.

In Witness Whereof, the parties intending to be bound by the terms and conditions hereof have caused this Agreement to be signed by their duly authorised representatives as of the date first above written.

THERATECHNOLOGIES INC.

By: *(Signed) Luc Tanguay*
Name: Luc Tanguay
Title: Senior Executive Vice President and Chief Financial Officer

By: *(Signed) Pierre Perazzelli*
Name: Pierre Perazzelli
Title: Vice President, Pharmaceutical Development

GRUPPO CARTOTECNICO ABAR LITOFARMA SRL

By: *(Signed) Carmelo Lo Duca*
Name: Carmelo Lo Duca
Title: President

Exhibit 1.6

Product Specifications

[Redacted: Product Specifications]

Exhibit 1.7

Form of Purchase Order

[Redacted: Purchase Order]

Exhibit 2.6

Product Prices

[Redacted: Product Prices]

Exhibit 8.1

Non-Disclosure and Non-Use Agreement

[Redacted: The Agreement]

BECTON DICKINSON CANADA INC.
OEM AGREEMENT

1. This agreement between Becton Dickinson Canada Inc. ("**BD**") and Theratechnologies Inc. ("**Buyer**") shall govern Buyer's purchase of products from BD including but not limited to the products identified on Exhibit A (the "**Products**"), which exhibit is attached and incorporated to this original equipment agreement (the "**Agreement**"). Pricing for additional products will be provided, upon request, by your Regional Business Manager, Kevin Egesborg at (800) 268-5430 ext. 6157.

2. This Agreement shall remain in effect for a period of **[Redacted: Term]** (the "**Term**") commencing on the date on which the parties execute this Agreement (the "**Effective Date**") unless terminated earlier pursuant to the terms hereof. The Term shall be extended for consecutive **[Redacted: Term]** periods, the first such period commencing on the first anniversary of the Effective Date, unless either party provides the other notice of its intent not to extend the Term within **[Redacted: Term]** prior to the anniversary of the Effective Date or any renewal term.

3. Buyer agrees that it will not use, sell, or distribute the Products for any application or use that is inconsistent with the instructions, if any, for the Products or the uses for which the Products are approved by BD.

4. Buyer agrees to the following limitations regarding its purchase of Products:

   4.1. The Products shall be used, sold, and distributed by Buyer exclusively for the following purposes (the '**Permitted Product Uses**"):

      4.1.1. in procedural kits and trays;

      4.1.2. for the marketing, sale and distribution of the Buyer's growth hormone-releasing factor GRF ('**tesamorelin**");

   4.2. Buyer shall provide adequate support and information to its customers to enable them to properly use the Products. Such support shall include but not be limited to supplying its customers with the package inserts and instructions for use provided for the Products to Buyer by BD. If such package inserts and/or product instructions have not been provided, Buyer shall request that BD provide same.

   4.3. Absent written agreement by BD, Buyer shall not sell, market, advertise, ship, distribute, transfer or make the Products available in any manner outside of the "Territory," which shall be the United States and any possessions thereof.

   4.4. Buyer acknowledges that BD is the owner of all the trademarks, trade names, brands, designs, copyrights, intellectual property, and other indicia of manufacturing origin, quality, and inventorship used on, about, or embodied by the Products (collectively the " **Proprietary Rights**"), and all of the goodwill attributable to the Proprietary Rights. Buyer acknowledges that nothing in this Agreement gives it any right, title, or interest in or to the Proprietary Rights. Buyer will make no contrary representations. Buyer shall acknowledge and accurately reflect in all advertising, marketing materials, packaging and labeling for all Permitted Product Uses BD's Proprietary Rights including but not limited to BD trademarks, trade names, and branding. In addition, Buyer shall not without the prior written consent of BD alter, deface, remove, cover, mutilate, or modify in any manner any indications of BD's Proprietary Rights placed, attached, or affixed by BD on the Products or their packaging, including but not limited to trademarks, trade names, branding, serial or model numbers. Buyer shall provide a copy of all advertising, marketing materials, packaging, and labeling for all Permitted Product Uses so that BD may review such materials for consistency with this Section 4.4. BD may require Buyer to, and Buyer shall, edit all such materials or cease disseminating such materials if such materials, in BD's sole determination, are not consistent with this Section 4.4.

   4.5. If Buyer uses, sells, or distributes the Products in any manner inconsistent with the foregoing limitations, BD may in its sole discretion terminate this Agreement with an advance written notice if Buyer has not remedied said breach within **[Redacted: Term]** from the receipt of the notice from BD and without any penalty or liability from BD to Buyer.

5. BD shall package and supply the Products to Buyer, and Buyer shall take delivery of the Products from BD in accordance with the terms of this Agreement.

   5.1. BD shall package and supply the Products within **[Redacted: Term]** from the receipt of Buyer's purchase order and in accordance with the packaging and labeling specifications of the Products as established between the parties (the "**Packaging Specifications**")and the quality system regulation as set forth in 21 C.F.R. Part 820 (or any successor law or regulation thereof), as applicable, regarding medical devices and

all applicable rules and regulations promulgated by the Food and Drug Administration (the "**Product Specifications**").

5.2. BD shall label the Products in accordance with the Packaging Specifications.

5.3. BD shall provide the packaging which is required for the transport of the Products as set forth in the Packaging Specifications on Exhibit B, which Exhibit is attached to this Agreement and hereby incorporated by reference. The Packaging Specifications shall not be changed without Buyer's express written consent.

5.4. If changes occur in the Product Specifications, or if technical difficulties require BD to perform either additional work or repeat work, and such additional work or repeat work is not due to BD's fault or negligence, then BD shall provide Buyer with cost estimates for such work. If Buyer approves such costs in writing, BD shall perform such work. Buyer shall pay BD's additional costs for such work within **[Redacted: Term]** of the receipt of the invoice for such work.

5.5. Buyer shall have a period of **[Redacted: Term]** from the date of its receipt of a shipment of Products to inspect and reject such shipment for nonconformance with the Product Specifications and/or Packaging Specifications. If Buyer rejects such shipment, it shall promptly so notify BD and provide to BD samples of the Products for verification.

5.5.1. If BD confirms that such shipment did not meet the Product Specifications and/or Packaging Specifications, BD shall replace, at no cost to Buyer, that portion of the Product shipment which does not conform to the Product Specifications and/or Packaging Specifications, and shall bear all expenses of shipping and verification of the shipment of Products. Any nonconforming portion of any shipment shall be disposed of as directed by BD, at BD's expense.

5.5.2. If BD verifies such shipment and determines that it did conform to the Product Specifications and/or Packaging Specifications, and Buyer does not agree with this assessment, then, either party may, by written notice to the other party, request that such dispute be referred to each party's respective Chief Executive Officer (or an executive officer of each party as designated by the CEO) (the "**Executive Officers**") for resolution. The Executive Officers shall meet within **[Redacted: Term]** of such other party's receipt of written notice of such dispute. If the Executive Officers cannot resolve such dispute within **[Redacted: Term]** of written notice of such dispute, then, at any time after such **[Redacted: Term]** period, either party may bring an action in a court of competent jurisdiction in the district of Toronto. Each party shall bear the cost of **[Redacted: Description of Costs]**. Either party may proceed to enforce any and all of its rights with respect to such dispute.

5.5.3. Any Products that Buyer does not reject pursuant to this Section 5.5.3 shall be deemed accepted, and all claims with respect to the Products not conforming with Product Specifications and/or Packaging Specifications shall be deemed waived by Buyer, except as to defects which are not reasonably discoverable or render the Products non-conforming to Product Specifications and/or Packaging Specifications, as applicable.

6. Buyer agrees that it will purchase the Products for resale in accordance with this Agreement. For further clarity, nothing contained in this Agreement shall be construed as to granting any exclusivity to BD in supplying and/or packaging the Products to Buyer.

7. Buyer shall only resell the Products in accordance with the provisions of Section 4 of this Agreement and in the same form and packaging as supplied by BD.

8. Buyer shall not, without BD's prior written consent, use BD's name, trademarks, trade names, branding, lot numbers or anything alike in any advertising or marketing materials, or on packaging of the Products to the extent such markings were not placed on the packaging or the Products by BD.

9. The Products purchased by Buyer pursuant to this Agreement are not eligible for rebates and Buyer shall not submit rebate requests for any Products purchased pursuant to this Agreement.

10. As of **[Redacted: Date]** and during the Term thereafter, BD may request that Buyer provide, and Buyer shall provide, on a **[Redacted**: **Term]** basis, **[Redacted**: **Term]** forecasts of its estimated purchases of the Products to better enable BD to supply Buyers' needs, provided, however, that such forecasts may be changed at all times by Buyer. BD shall not be liable for any incremental costs incurred by Buyer as a result of any backorder of Products.

11. Buyer shall not promote or sell any products that, in BD's sole judgment, are imitative of or may be passed off as Products, and Buyer shall not promote or sell any products bearing a name or trademark that may, as

determined by BD, infringe or imitate trademarks owned by BD, or any other trademarks, designs or slogans used in promoting, advertising or selling the Products.

12. Upon receipt of a complaint or receipt of a reported adverse event that explicitly references any of the Products or may be associated with any of the Products, Buyer shall forthwith forward the complaint, including BD catalogue/product number, BD product name, description of the incident and complainant contact information to BD but in any event no later than **[Redacted** : **Term]** from receipt thereof. If the reported adverse event is related or associated in any manner to the Products, then BD shall be copied on all subsequent correspondence between Buyer and the complainant. If the reported adverse event is solely related to the Products, then BD shall be the primary contact with respect to such correspondence. BD, upon receipt of the Product complaint information and materials will investigate the complaint and retain on file all related information, in addition to any corrective and preventative actions that are either planned or taken. At the request of Buyer, BD will provide an acknowledgement of receipt of the Product complaint and that the complaint investigation has been closed. If a medical device report is deemed to be required for a Product, BD is to assume responsibility for the filing any such report. Records of the complaint investigation and associated documents will be made available to Buyer if specifically requested during a regulator audit (e.g. U.S. F.D.A. drug G.M.P. inspection).BD shall inform Buyer forthwith about any notice received by a Regulatory Authority that would potentially hinder or prevent BD from packaging or supplying the Product to Buyer according to this Agreement. "**Regulatory Authority**" means federal, provincial,state or local regulatory agency, department, bureau or other governmental entity of Canada or the United States, including the F.D.A., which is responsible for issuing approvals, licenses, registrations or authorizations necessary for the manufacture, use, storage, transport or sale of the Products in Canada and in the United States and any possession thereof.

13. In the event: (a) any Regulatory Authority or other national government authority issues a request, directive or order that the Products be recalled; (b) a court of competent jurisdiction orders such a recall; or (c) Buyer or BD reasonably determines that the Products should be recalled, the parties shall take all appropriate corrective actions, and shall cooperate in any governmental investigations surrounding the recall. In the event that such recall results from the breach by BD of the terms of this Agreement, BD shall be responsible for promptly replacing the quantity of the Products that were recalled at no cost to Buyer or at its sole option reimburse Buyer for the cost of the Products that were recalled. BD shall be responsible for all commercially reasonable costs and expenses related to the recall. In the event that the recall does not result from the breach by BD of terms of this Agreement, Buyer shall be responsible for all commercially reasonable costs and expenses of the recall. For purposes of this Agreement, commercially reasonable expenses of the recall include expenses of notification and destruction or return of the recalled Products and any costs associated with the distribution of the replacement Products, but shall not include lost profits of either party. For purposes of this Agreement, a "recall" shall include any market withdrawal, communication (informing the end-user of a real or potential Product quality, safety or performance issue) or instructions issued by BD or Buyer to an end-user that provides instructions regarding handling and storage, that is not provided or included on Product labeling. Any correspondence with a Regulatory Authority pertaining to a recall and regarding or impacting the Products, shall be directed to BD and BD shall be the primary contact in connection thereto.

14. Buyer shall not market, em ploy any sales practice, or issue or display any advertisement which in BD's sole opinion, acting reasonably, is detrimental to the reputation, image, or positioning of BD or the Products and BD shall be entitled to require Buyer to cease any such practice or withdraw any such advertisement.

15. The parties agree that throughout the Term they will remain in compliance with all applicable United States and Canadian laws and regulations.

16. U.S. law regulates the export, re-export or other transfer of the Products. Any required U.S. and non-U.S. government authorization (specifically including Canada) must be obtained prior to shipment, and diversion contrary to U.S. and non-U.S. law is prohibited. By ordering the Products from BD, Buyer agrees to comply fully with all applicable export control laws and regulations of the United States and Canada, and expressly assumes responsibility for determining whether a subsequent transaction requires U.S. and Canadian government authorization and, if so, for obtaining such authorization before shipping or otherwise transferring the Products to another party.

17. Buyer agrees to comply with all standard conditions and destination control statements set forth on the invoice, bill of lading or other documents accompanying the shipment of the Products.

18. Buyer affirms that it will not knowingly use, resell or distribute Products directly or indirectly, for the development, production or proliferation of weapons of mass destruction (nuclear, chemical, or biological)or missile delivery systems, and/or for terrorist activities.

19. BD shall deliver the Products to Buyer on the requested shipping date as set out on the purchase order,**[Redacted: Delivery Terms]** at **[Redacted: Location]** or such other facility as may be agreed upon in writing by

the parties. Shipment shall be via a carrier designated by Buyer. Title and risk of loss shall pass to Buyer**[Redacted: Title and Risk of Loss Conditions]** at **[Redacted: Location]**. BD shall pay all costs relating to the Products until such time as it has been placed at the disposal of Buyer at the**[Redacted: Location]**. BD shall give Buyer at least **[Redacted: Term]** notice as to when the Products will be placed at its disposal. BD shall provide the Products with a packing list and bill of lading consigned to Buyer. BD shall pay all costs of checking operations such as, checking quality, measuring, weighing and counting, which are necessary for the purpose of placing the Products at Buyer's disposal.

20. Items ordered by Buyer that are special non-stock products, which orders have been accepted by BD and shipping dates given*may not be canceled or returned to BD for credit.*

21. Unless otherwise agreed, BD specifications and quality requirements shall apply to all Products purchased under this Agreement.

22. WARRANTY. BD represents and warrants that the Products shall be free from material defects, shall meet the Product Specifications and Packaging Specifications and that the Proprietary Rights do not infringe or constitute a misappropriation of any third party's Proprietary Rights. THE WARRANTIES SET FORTH IN THIS PARAGRAPH ARE EXCLUSIVE REGARDING THE PRODUCTS AND IN LIEU OF ALL OTHER REPRESENTATIONS, WARRANTIES AND CONDITIONS EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY IMPLIED REPRESENTATION, WARRANTY OR CONDITION OF MERCHANTABILITY. ALL OTHER REPRESENTATIONS, WARRANTIES AND CONDITIONS WHETHER EXPRESS OR IMPLIED BY STATUTES OR OTHERWISE ARE HEREBY EXPRESSLY DISCLAIMED. In the event of a breach of this warranty, Buyer's remedy shall be the replacement of the allegedly defective Products by BD with BD Products or a credit or refund of the funds paid by Buyer for the affected Products, at Buyer's option. In no event shall BD be liable for any indirect or consequential damages, including but not limited to lost profits.

23. Intentionally omitted.

24. BD hereby disclaims any liability for the safety and efficacy of any Products which would be reconfigured, repackaged or re-sterilized by Buyer and ultimately sold to third parties by Buyer, and the sale of Products to Buyer under this Agreement shall not be construed as an endorsement by BD of any ultimate Products sold by Buyer.

25. Buyer is responsible for assuring the sterility,if applicable, of any Products ultimately sold by Buyer to third parties. Buyer is also responsible for obtaining any necessary regulatory approvals and/or clearances necessary for any Products ultimately sold by Buyer to third parties.

26. Buyer agrees to and does indemnify and hold harmless BD, its directors, officers, agents and employees from and against any and all liabilities, demands, claims, suits,losses, damages, causes of action, or judgments including costs, attorney fees, and expenses incident thereto which may be suffered directly by reason of any loss, damage, death or bodily injury arising out of or in connection with (i) Buyer's negligent or wrongful willful acts in connection with this Agreement or (ii) Buyer's breach of or failure to comply with any provision of this Agreement. This indemnification shall not extend to indirect, special,or consequential damages, including, without limitation, lost profits whether foreseeable or communicated to the other party.

27. BD agrees to and does indemnify and hold harmless Buyer, its directors, officers, agents and employees from and against any and all liabilities, demands, claims, suits,losses, damages, causes of action, or judgments including costs, attorney fees, and expenses incident thereto which may be suffered directly by reason of any loss, damage, death or bodily injury arising out of or in connection with (i) BD's negligent or wrongful willful acts in connection with this Agreement or (ii) the Products furnished to Buyer pursuant to this Agreement or any purchase order issued pursuant to this Agreement or (iii) BD's breach of the warranties contained herein or failure to comply with any provision of this Agreement. This Indemnification shall not extend to indirect,special, or consequential damages, including, without limitation, lost profits whether foreseeable or communicated to the other party.

28. If either party seeks indemnification from the other hereunder, it shall promptly give notice to the other party of any such claim or suit threatened, made or filed against it which forms the basis for such claim of indemnification and shall cooperate fully with the other party in the investigation and defense of all such claims or suits. The indemnifying party shall have the option to assume the other party's defense in any such claim or suit with counsel reasonably satisfactory to the other party. No settlement or compromise shall **[Redacted: Settlement Conditions]** .

29. Buyer will maintain and keep in force during the Term , general public liability, and property damage insurance against any insurable claim or claims, which might or could arise regarding Products purchased from BD.Such

insurance will contain a minimum combined single limit of liability for bodily injury and property damage in the amounts of not less than **[Redacted: Amount]** and **[Redacted: Amount]**.

30. BD will maintain and keep in force during the Term, general public liability,and property damage insurance against any insurable claim or claims, which might or could arise regarding Products purchased from BD. Such insurance will contain a minimum combined single limit of liability for bodily injury and property damage in the amounts of not less than **[Redacted: Amount]** and **[Redacted: Amount]**.

31. At any time, either Buyer or BD may terminate this Agreement for any reason upon **[Redacted: Term]** written notice to the other or as otherwise agreed in writing by the Buyer and BD, provided that Buyer complies at all times with its payment obligations under this Agreement. In the event that during the notice period Buyer fails to comply with its payment obligations hereunder, the provisions of Section 32.1 will apply.

32. Notwithstanding anything to the contrary, this Agreement may be terminated by either party giving notice to the other effective the date of receipt of written notice thereof:

    32.1. if the other party breaches any term, condition or provision of this Agreement, and such breach is not cured to the reasonable satisfaction of the other party within **[Redacted: Term]** of receipt of written notice of breach thereof, or as otherwise agreed upon by the parties in writing;

    32.2. if a party takes any action in respect of liquidation or winding up, or make an assignment for the benefit of creditors, or makes any proposal under the Bankruptcy Act or any comparable statute of any applicable jurisdiction, or a judgment or order is entered by any court of competent jurisdiction approving any such petition,or if a custodian or receiver or receiver and manager or any other official with similar powers be appointed for such party; and if such party ceases to do business as a going concern;

    32.3. in the event of any allegation of infringement being made against either BD or Buyer for infringement of a third party intellectual property right in consequence of the sale of the Products; and

    32.4. in the event of a Change of Control (as defined in Section 35) where the person acquiring control is a competitor of BD or any of its Affiliates. In this case, Buyer shall take any and all action reasonably requested by BD to protect any Confidential Information of BD from disclosure to or use by any Affiliate of the transferee or the Buyer in the case of a Change of Control.

33. Termination of this Agreement by a party shall not deprive such party of any of its rights, remedies or actions against the other party for damages or equitable remedies.

34. Upon termination, except by reason of breach by BD, Buyer shall reimburse BD for BD's cost of all supplies purchased and on hand or on order, if such supplies were ordered by BD based on Buyer's firm purchase order, and such supplies cannot be reasonably used by BD for other purposes, and for Products manufactured or delivered until the notice of termination.

35. In the event of a Change of Control of the Buyer, Buyer shall provide BD with a notice within **[Redacted: Term]** prior to the effective date of the Change of Control. Upon receipt of the notice, BD shall have an additional period of **[Redacted: Term]** to provide notice to Buyer of acceptance of Change of Control or refusal to Change of Control, in which case, this Agreement shall be terminated by the end of an additional period of **[Redacted: Term]** . "Change of Control" means (a) the direct or indirect sale, transfer, conveyance, lease or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the property and assets of Buyer to any person or group of persons acting jointly or in concert for purposes of such transaction; or (b) the consummation of any transaction including any consolidation, amalgamation, merger or issue of voting shares, the result of which is that any person or group of person acting jointly or in concert for purposes of such transaction becomes the beneficial owner, directly or indirectly, of more than 50% of the voting shares of the Buyer, measured by voting power rather than number of shares.

36. BD hereby grants Buyer (or its third party designees), the right to conduct "for cause" audits of BD's or its subcontractors' packaging facilities to address significant Product or safety concerns as discovered through adverse drug events or customer complaints related to Product failures.

    36.1. Buyer shall notify BD in writing of its intent to audit. Buyer and BD will determine mutually acceptable dates for the audit. Any auditors who are not employees of Buyer shall be required to enter into confidentiality agreements with BD or its subcontractor and Buyer containing terms of non-disclosure and non-use at least as stringent as those set forth in Section 38. Auditors shall abide by BD's or its sub-contractor's visitor policies. BD or its subcontractor shall have the right to protect the confidential information of its other clients and products and to limit the audit to such areas of the production facility that are relevant to the Products.

36.2. The auditors shall issue a written report of their findings within **[Redacted: Term]** of the audit. Buyer shall provide to BD a written report of its findings as soon as possible, or within **[Redacted: Term]** after the conclusion of the audit. BD shall promptly address the audit findings, but in no event later than **[Redacted: Term]** of receiving the report.

36.3. Any dispute in connection with a written report or findings by auditors shall be dealt with in accordance with the provisions of Section 5.5.2.

37. Each purchase order or any acknowledgment thereof, whether printed, stamped, typed, or written shall be governed by the terms of this Agreement and none of the provisions of such purchase order or acknowledgment shall be applicable except those specifying Products and quantity ordered, delivery dates, special shipping instructions and invoice information. Buyer shall place the purchase orders no less than **[Redacted: Term]** prior to the requested shipping date.

38. It is contemplated that in the course of the performance of this Agreement each party may, from time to time, disclose Confidential Information to the other. "**Confidential Information** " means all information disclosed hereunder in writing or orally, visually or through some other media, except any portion thereof which: (a) is known to the recipient at the time of the disclosure, as evidenced by its written records or other competent evidence; (b) is disclosed to the recipient by a third person lawfully in possession of such information and not under an obligation of nondisclosure; (c) is or becomes patented, published or otherwise part of the public domain through no fault of the recipient; (d) is developed by or for the recipient independently of Confidential Information disclosed hereunder as evidenced by the recipient's written records or other competent evidence; or (e) is required by law to be disclosed by the recipient, provided that the recipient gives the disclosing party hereto prompt notice of such legal requirement such that the disclosing party shall have the opportunity to apply for confidential treatment of such Confidential Information. The burden of proof for these exceptions lies with recipient. Each party agrees that, except as expressly provided in this Agreement, it shall not disclose Confidential Information received from the other party, and shall not use Confidential Information disclosed to it by the other party, for any purpose other than to fulfill each parties' obligations under this Agreement. Notwithstanding the foregoing, Buyer shall be entitled to disclose Confidential Information to its distributor in the United States, including its territories and possessions.

38.1. Notwithstanding the above, nothing contained in this Agreement shall preclude Buyer from using Confidential Information as may be necessary for obtaining governmental marketing approvals pursuant to the terms and conditions of this Agreement, or for either party to comply with applicable governmental laws and regulations or court orders (provided that the party disclosing such information uses reasonable efforts to seek confidential treatment of such information, except as required to file and prosecute such patent applications). The obligations of the parties relating to Confidential Information shall survive for a period of ten (10) years after the expiry or earlier termination of this Agreement.

38.2. Neither party shall make any public announcement concerning the transactions contemplated herein, or make any public statement which includes the name of the other party or any of its affiliates, or otherwise use the name of the other party or any of its affiliates in any public statement or document, except as may be required by law or judicial order, without the written consent of the other party, which consent shall not be unreasonably withheld. Subject to any legal or judicial disclosure obligation, any such public announcement proposed by a party that names the other party shall first be provided in draft to the other party. BD acknowledges that Buyer is a publicly traded company with continuous disclosure obligations. Accordingly, Buyer may have to disclose in a press release, a material change report, its financial statements or in its other continuous disclosure documents the execution of this Agreement and the material terms thereof. BD acknowledges that Buyer may have to file this Agreement with the Canadian securities regulatory authorities in order to fulfill its continuous disclosure obligations in Canada.

39. BD shall not be responsible for any delay of production for delivery of Products attributable to **[Redacted: Description of events]**, and any other circumstance beyond the control of BD.

40. The terms of this Agreement are severable and if for any reason any terms should be unenforceable or invalid, the rest of the Agreement shall remain in full force and effect. No delay or omission by either party in exercising any right or remedy shall operate as a waiver.

41. This Agreement cancels and supersedes any previous agreement between Buyer and BD or its predecessors in title in relation to the Products.

42. This Agreement is personal to each party and its rights and obligations herein shall not be assigned or transferred without the prior written consent of the other party. However, either party may assign this Agreement to one of its wholly-owned subsidiaries or its parent corporation without such consent. Notwithstanding the foregoing, Buyer, without such consent, shall have the right to assign this Agreement to **[Redacted: Name]**. Any

permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve any party of responsibility for the performance of any accrued obligation which such party then has hereunder.

43. The parties' relationship hereunder is that of independent contractors. This Agreement does not create any employment, agency, franchise, joint venture, partnership or other similar legal relationship between BD and Buyer. Buyer shall make no warranty concerning the Products except as expressly approved by BD. Buyer shall have no right or authority to assume or claim any obligation of any kind, express or implied, by or on behalf of BD, or to bind BD or any way whatsoever.

44. No variation, modification or waiver of any of the terms of this Agreement shall be valid unless made in writing and signed on behalf of both parties. This Agreement and the Exhibits and other attachments to this Agreement set out the entire understanding between the parties with respect to the rights and duties of the parties and no party has relied on any representation that is not expressly set out or referred to in this Agreement.

45. In order to be effective, any notice must be in writing. A notice is effective if it is delivered (i) personally, either to the individual designated below for such party, or to an individual having apparent authority to accept deliveries on behalf of such individual at its address set out below; (ii) by fax, (iii) by registered mail at or to the applicable addresses set out opposite the party's name below or at or to such other address for a party as such party from time to time designates to the other parties in the same manner :

Technical Information:	For technical information, please call Claudine Keats, Product Manager, 1-800-268-5430, Extension 6170
Product Certifications:	By acceptance of this Agreement, Buyer acknowledges that BD will provide an Annual Certification of Compliance and Biosafety (Sterility, Non-Toxicity, Non-Pyrogenicity as applicable) for all Products purchased or shipped under this Agreement.
Customer Service:	
By Phone:	1-866-979-9408 / 1-888-259-0187
By Fax:	1-800-565-0897
Notices to BD:	
By Mail:	Becton Dickinson Canada Inc., 2100 Derry Road West, Suite 100, Mississauga, Ontario, L5N 0B3 Attention:Kevin Egesborg Regional Business Manager
Notices to Buyer:	
By Mail:	Theratechnologies Inc., 2310 Alfred-Nobel Blvd. Montreal , Quebec, H4S 2B4 Attention:Pierre Perazzelli Vice President, Pharmaceutical Development

46. Additional Terms

Payment:	BD shall invoice Buyer for the Products **[Redacted: Timing of Payment]** at the prices set forth on Exhibit C, which Exhibit is hereby incorporated by reference. Buyer shall make payment **[Redacted: Term]** from the date of receipt of BD's invoice.
Minimum Orders:	The minimum order quantity for the Products shall be **[Redacted: Quantity]** kits. For greater clarity, one (1) kit is comprised of the following: • **[Redacted: Quantity];** • **[Redacted: Quantity];** and, • **[Redacted: Quantity].**

47. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

48. This Agreement is governed by, and is to be interpreted, construed and enforced in accordance with, the laws of Ontario and the laws of Canada applicable in Ontario, excluding any rule or principle of conflicts of law that may provide otherwise.

49. The parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of this Agreement.

IN WITNESS WHEREOF, the undersigned duly authorized representatives of the parties have executed this agreement as of the last date below written.

THERATECHNOLOGIES INC.	**BECTON DICKINSON CANADA INC.**
Pierre Perazzelli	Doug Johnstone
Name	Name
V.P. Pharmaceutical — Development	Director, Distributor RE
Title	Title
(signed) Pierre Perazzelli	*(signed) Doug Johnstone*
Signature	Signature
November 2, 2009	November 6, 2009
Date Signed	Date Signed

EXHIBIT A

Products

[Redacted: Description and amount of products]

EXHIBIT B

Packaging Specifications

[Redacted: Specifications]

EXHIBIT C

Price List

[Redacted: Pricing]

Exhibit 99.89

DEVELOPMENT AND SUPPLY AGREEMENT

This Development and Supply Agreement (this ***"Agreement")*** is made as of this 26 th day of March, 2009 ***("Effective Date")*** by and between Theratechnologies Inc., having a principal place of business at 2310 Alfred-Nobel Boulevard, Montreal, P.Q., H4S 2B4, Canada ***("Theratechnologies")*** and Hospira Worldwide, Inc., having a principal place of business at 275 North Field Drive, Lake Forest, Illinois, 60045, U.S.A. ***("Hospira").***

Witnesseth:

Whereas, Theratechnologies owns rights to the compound, tesamorelin, a stabilized synthetic analogue of the growth hormone-releasing factor (GRF);

Whereas, Theratechnologies intends to market, promote and sell the tesamorelin for the treatment of HIV-associated lipodystrophy ***("Tesamorelin")*** product in the United States;

Whereas, Theratechnologies wishes to have Hospira manufacture for it a non-standard version of its standard sterile water for injection diluent;

Whereas, Hospira has available for manufacture and sale such non-standard version of sterile water for injection and has received approval from the US Food and Drug Administration on its New Drug Application (NDA) for sterile water for injection filled and finished in a 10 mL plastic vial with **[Redacted: Term]** expiry dating; and

Whereas, the parties desire that Hospira manufacture and sell to Theratechnologies its total U.S. requirements of the non-standard version of its regular sterile water for injection diluent.

Now, Therefore, in consideration of the premises and the mutual promises and agreements contained herein, Theratechnologies and Hospira agree as follows:

Article 1. Definitions

The following words and phrases when used herein with capital letters shall have the meanings set forth or referenced below:

1.1 ***"Affiliate"*** shall mean any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party to this Agreement. A corporation or non-corporate business entity shall be regarded as in control of another corporation or non-corporate business entity if it owns, or directly or indirectly controls, in excess of fifty percent (50%) of the voting stock of the other corporation, or (a) in the absence of the ownership of in excess of fifty percent (50%) of the voting stock of a corporation or (b) in the case of a non-corporate business entity, if it possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation or non-corporate business entity, as applicable.

1.2 ***"cGMP"*** shall mean the current good manufacturing practices as set forth in 21 C.F.R. Part 210 and Part 211, as applicable.

1.3 ***"Confidential Information"*** shall mean all information disclosed hereunder in writing and identified as being confidential or, if disclosed orally, visually or through some other media, is identified as confidential at the time of disclosure and is summarized in writing within **[Redacted: Term]** of such disclosure and identified as being confidential, except any portion thereof which:

(a) is known to the recipient at the time of the disclosure, as evidenced by its written records or other competent evidence;

(b) is disclosed to the recipient by a third person lawfully in possession of such information and not under an obligation of nondisclosure;

(c) is or becomes patented, published or otherwise part of the public domain through no fault of the recipient;

(d) is developed by or for the recipient independently of Confidential Information disclosed hereunder as evidenced by the recipient's written records or other competent evidence; or

(e) is required by law to be disclosed by the recipient, provided that the recipient gives the other party hereto prompt notice of such legal requirement such that such other party shall have the opportunity to apply for confidential treatment of such Confidential Information.

1.4 ***"Minimum Purchase Requirement"*** shall have the meaning provided in Section 5.7.

1.5 ***"NDA"*** shall mean a New Drug Application filed pursuant to the requirements of the FDA, as more fully defined in 21 C.F.R. § 314.3*et seq.,* as the same may be amended from time to time, a Biologics License Application filed pursuant to the requirements of the FDA, as more fully defined in 21 C.F.R. §601, as the same may be amended from time to time, and any equivalent application filed, together, in each case, with all additions, deletions or supplements thereto.

1.6 ***"NDA Acceptance"*** shall mean the receipt of written notice from the FDA that the filing of an NDA for Tesamorelin has been accepted pursuant to and in accordance with 21 C.F.R. §314.101, as the same may be amended from time to time.

1.7 ***"Packaging Specifications"*** shall mean those packaging and labeling specifications of the Product for the special tray labeling and artwork, vial labeling and artwork and corrugate packaging labeling and artwork, which are attached on Exhibit 1.7.

1.8 ***"Product"*** shall mean Hospira's non-standard version of Hospira's sterile water for injection diluent (Hospira List 4887-10), packaged in a 10 mL plastic vial with flip-top cap, with **[Redacted: Term]** expiry dating and meeting the Product Specifications.

1.9 ***"Product Specifications"*** shall be substantially in the form of Hospira's Certificate of Analysis, which form will certify the Product's **[Redacted: Term]** expiry dating and confirming that the Product has been manufactured in accordance with all cGMP and all rules and regulations promulgated by the FDA, a form of such Certificate of Analysis is attached on Exhibit1.9.

1.10 ***"Regulatory Approval"*** shall mean the approval of Tesamorelin for sale to the public in the United States markets by a relevant Regulatory Authority.

1.11 ***"Regulatory Authority"*** shall mean any federal, state or local regulatory agency, department, bureau or other governmental entity of the United States, including the FDA, which is responsible for issuing approvals, licenses, registrations or authorizations necessary for the manufacture, use, storage, transport or sale of Product in the United States.

1.12 ***"Third Party"*** shall mean a party other than Hospira or Theratechnologies and their respective Affiliates.

Article 2. Product Development Project

2.1 ***General.*** Promptly following the Effective Date and upon receipt of a written purchase order from Theratechnologies, Hospira shall undertake a product development project (the ***"Project")*** consisting of the bulk packaging container design activities set forth in Exhibit 2.1. The price for the activities to be undertaken and completed in the Project shall be **[Redacted: Price],** payable no later than **[Redacted: Term]** after the date of Hospira's invoice therefor. The purchase order shall be issued by Theratechnologies within **[Redacted: Term]** from the delivery to Theratechnologies of the Letters of Authorization (as defined below).

2.2 ***Commercially Reasonable Efforts.*** Hospira shall use its commercially reasonable efforts successfully to complete the Project by no later than **[Redacted: Date],** unless the parties mutually agree to extend this date.

2.3 ***Changes in Project Scope.*** If changes occur in the Project or Product Specifications, or if technical difficulties require that Hospira perform either additional work or repeat work, and such additional work or repeat work is not required due to Hospira's fault or negligence, Hospira shall provide Theratechnologies with cost estimates for such work. Only if Theratechnologies approves such costs in writing, Hospira shall perform such work and Theratechnologies shall pay Hospira's costs for such work within **[Redacted: Term]** of completion of such work. Reimbursement for such additional work or repeat work shall be at the hourly rates set forth in Exhibit 2.3, plus **[Redacted: Description of Costs].**

Article 3. Theratechnologies's Regulatory Submissions

3.1 ***Access to NDA.*** Hospira shall grant Theratechnologies reference rights to Hospira's NDA for the Product. To affect this, Hospira shall execute certain documentation ***("Letters of Authorization")*** no later than **[Redacted: Term]** after the Effective Date which shall be delivered to Theratechnologies and the appropriate Regulatory Authorities permitting such Regulatory Authorities to consult Hospira's NDA in their review of Theratechnologies's marketing applications. Hospira shall send copies of such Letters of Authorization to Theratechnologies. Hospira shall inform Theratechnologies in advance of any prior approval or changes being effected, amendments or modifications thereto in order to permit Theratechnologies to amend or supplement any effected regulatory applications and filings.

Article 4. Manufacture And Supply Of Product

4.1 ***Purchase and Sale of Product.*** Pursuant to the terms and conditions of this Agreement and for the duration of this Agreement, Hospira shall manufacture, sell and deliver the Product to Theratechnologies, and Theratechnologies shall purchase and take delivery of its total U.S. requirements of the Product exclusively from Hospira for sales of Tesamorelin in the United States. Hospira shall manufacture Product in accordance with the Product Specifications.

4.2 ***Product Labeling.*** Hospira shall label Product in accordance with the Packaging Specifications.

4.3 ***Packaging Specifications.*** The Packaging Specifications shall not be changed without Theratechnologies's express written consent.

4.4 ***Delivery.*** Hospira shall deliver the Product to Theratechnologies, **[Redacted: Delivery Terms]** from **[Redacted: Place]** or such other facility as may be agreed upon in writing by the parties. Shipment shall be via a carrier designated by Theratechnologies. **[Redacted: Transfer of Risk]**

4.5 ***Price and Payment.***

(a) ***Price.*** Hospira shall invoice Theratechnologies for the Product at the prices set forth on Exhibit 4.5. Prices are firm through **[Redacted: Date].** Beginning **[Redacted: Date]** and on each succeeding **[Redacted: Date]** during the term hereof, prices may be increased by Hospira. Hospira will notify Theratechnologies by **[Redacted: Date]** of the then current calendar year of any price increase to be effective for the ensuing calendar year. Price increases shall be effective for deliveries beginning **[Redacted: Date]** of each calendar year. Such increases shall not exceed **[Redacted: Price Increase Calculation].**

(b) ***Payment.*** Hospira shall invoice Theratechnologies upon shipment of Product. Theratechnologies shall make payment net **[Redacted: Term]** from the date of receipt of Hospira's invoice.

(c) ***Taxes.*** Any federal, state, county or municipal sales or use tax, excise, customs charges, duties or similar charge, or any other tax assessment (other than that assessed against income), license, fee or other charge lawfully assessed or charged on the manufacture, sale or transportation of Product sold pursuant to this Agreement, shall be paid by Theratechnologies.

4.6 ***Replacement of Nonconforming Shipment.*** Hospira will include a Certificate of Analysis with each batch of Product confirming that the Product has been manufactured in conformity with all applicable quality standards and practices. Theratechnologies shall have a period of **[Redacted: Term]** from the date of its receipt of a shipment of Product to inspect and reject such shipment for nonconformance with the Product Specifications. Theratechnologies will refer to applicable sections of the United States Pharmacopeia (USP) for testing instructions with reference to Product. Hospira will confirm appropriate interpretation by Theratechnologies of USP test procedures if requested. If Theratechnologies rejects such shipment, it shall promptly so notify Hospira and provide to Hospira samples of such shipment for testing. If Hospira tests such shipment and determines that it did conform to the Product Specifications, the parties shall submit samples of such shipment to a mutually acceptable independent laboratory for testing. If such independent laboratory determines that the shipment conformed to the Product Specifications, Theratechnologies shall bear all expenses of shipping and testing such shipment samples. If Hospira or such independent laboratory confirms that such shipment did not meet the Product Specifications, Hospira shall replace, at no cost to Theratechnologies, that portion of the Product shipment which does not conform to the Product Specifications, and shall bear all expenses of shipping and testing the shipment samples. Any nonconforming portion of any shipment shall be disposed of as directed by Hospira,**[Redacted: Expense].** Any Product that Theratechnologies does not reject pursuant to this Section 4.6 shall be deemed accepted, and all claims with respect to Product not conforming with Product Specifications shall be deemed waived by Theratechnologies, except as to latent defects which are not reasonably discoverable, render the Product not conforming to Product Specifications, and are solely caused by Hospira.

4.7 ***Audit Rights***

(a) Hospira hereby grants Theratechnologies (or its Third Party designees), the right to conduct "for cause" audits of Hospira's manufacturing facility to address significant Product or safety concerns as discovered through adverse drug events or customer complaints related to Product failures and attributed to Hospira's manufacture of the Product. Product failures would include issues related to stability out of specification, sterilization, labelling, and container integrity.

(b) Theratechnologies shall notify Hospira in writing of the intent to audit for cause. The audit shall be limited to no more than**[Redacted: Quantity]** auditors for no more than **[Redacted: Term].** Theratechnologies and Hospira will determine mutually acceptable dates for the audit. Any auditors that are not employees of Theratechnologies shall be required to enter into confidentiality agreements with Hospira and Theratechnologies containing terms of non-disclosure and non-use at least as stringent as those set forth in Article 10. Auditors shall abide by Hospira's visitor policies. Hospira shall have the right to protect the confidential information of its other clients and products and to limit the audit to such areas of the production facility that are relevant to the Product.

(c) An exit meeting will be held with representatives from Hospira and Theratechnologies.

(d) The auditors shall issue a written report of findings within **[Redacted: Term]** of the audit. Theratechnologies shall provide to Hospira a written report of findings as soon as possible, or within **[Redacted: Term]** after conclusion of audit. Hospira shall promptly address the audit findings, but in no event later than**[Redacted: Term]** of receiving the report.

Article 5. Orders And Forecasts

5.1 ***Rolling Forecasts.*** No later than **[Redacted: Term]** after NDA Acceptance, Theratechnologies shall provide to Hospira an **[Redacted: Term]** forecast of its requirements of the Products ***("Rolling Forecast")*** for the **[Redacted: Term]** period immediately thereafter. Each Rolling Forecast shall be updated on a**[Redacted: Term]** basis. The **[Redacted: Term]** of each Rolling Forecast shall be considered a binding commitment upon Theratechnologies to purchase quantities described therein and a binding commitment upon Hospira to produce and deliver such quantities on the delivery dates described therein ***("Firm Order").*** Upon submission of each such forecast to Hospira, Theratechnologies shall furnish Hospira with a binding purchase order to purchase such quantities of Products as are set forth in the forecast for the most recent **[Redacted: Term].** The **[Redacted: Term]** of each Rolling Forecast shall be non-binding upon the parties.

5.2 ***Firm Orders.*** Each Firm Order shall specify the quantity of Products to be purchased, shipping dates and any other relevant information;*provided, however,* that no shipping date shall be less than **[Redacted: Term]** from the date of Hospira's receipt of such Firm Order. Subject to the previous sentence, Hospira shall supply Products within the time frame requested by Theratechnologies in its Firm Orders.

5.3 ***Firm Order Acceptance.*** Within **[Redacted: Term]** after receipt of a Firm Order issued in accordance withSection 5.2, Hospira shall confirm to Theratechnologies its acceptance of the purchase order, delivery date(s) and quantity of Products ordered by Theratechnologies. Hospira may not reject a Firm Order if it is issued in accordance with Section 5.2. Hospira shall not be obligated to, but shall at all times use commercially reasonable efforts to meet the delivery dates where the Firm Order is not issued in accordance with Section 5.2.

5.4 ***Additional Quantities.*** Hospira shall supply Theratechnologies up to **[Redacted: Quantity]** more Product (rounded up to the next full batch size of**[Redacted: Quantity]** units of Product) than previously ordered in the Firm Order period if requested by Theratechnologies. Hospira shall not be obligated to deliver additional quantities over and above the **[Redacted: Quantity]** excess, but shall use all reasonable commercial efforts to produce and deliver to Theratechnologies such additional quantities within **[Redacted: Term]** of issuance of the Firm Order.

5.5 ***Firm Order Changes or Cancellations.*** If, due to unforeseen circumstances, Theratechnologies requests changes to Firm Orders of Products within the Firm Order period, Hospira shall use reasonable commercial efforts to accommodate the changes, other than as

specified in Section 5.4, within reasonable manufacturing capabilities and efficiencies. If Hospira can accommodate such change, Hospira shall advise Theratechnologies of the costs, if any, associated with making any such change and Theratechnologies shall be deemed to have accepted the obligation to pay Hospira for such costs if Theratechnologies indicates in writing to Hospira that Hospira should proceed to make the change. If Hospira cannot accommodate such change, Theratechnologies shall be bound to the original Firm Order. If Theratechnologies cancels a Firm Order, **[Redacted: Payment Obligations].**

5.6 ***Purchase Order Terms.*** Each purchase order or any acknowledgment thereof, whether printed, stamped, typed, or written shall be governed by the terms of this Agreement and none of the provisions of such purchase order or acknowledgment shall be applicable except those specifying Product and quantity ordered, delivery dates, special shipping instructions and invoice information.

5.7 ***Minimum Purchase Requirement.*** **[Redacted: Term]** of this Agreement, Theratechnologies shall purchase a minimum of **[Redacted: Quantity]** batches of Product ***("Minimum Purchase Requirement")*** after Regulatory Approval. If Regulatory Approval is obtained after **[Redacted: Date]** in any calendar year, then the Minimum Purchase Requirement shall be applied to the **[Redacted: Term].** For purposes of this Section 5.7, a batch size shall be **[Redacted: Quantity]** units of Product. In lieu of Theratechnologies taking delivery of each Minimum Purchase Requirement of Product, Theratechnologies shall have the option to pay an amount equal to **[Redacted: Amount]** of that portion of its Minimum Purchase Requirement it has not or will not meet, at the prices set forth in Exhibit 4.4 and waive Hospira's manufacture and delivery obligations for the unmet Minimum Purchase Requirement. In the latter event, Hospira shall invoice Theratechnologies for the amount payable, and Theratechnologies shall pay Hospira within **[Redacted: Term]** after receipt of Hospira's invoice.

Article 6. Product Complaints; Recalls

6.1 ***Notification of Complaints.*** Theratechnologies shall notify Hospira promptly of any Product complaints involving Hospira's manufacture or packaging of the Product in sufficient time to allow Hospira to evaluate the complaints and assist Theratechnologies in responding to such complaints. Hospira shall investigate Product complaints according to Hospira procedures. Hospira shall inform Theratechnologies forthwith about any notice received by a Regulatory Authority that would potentially hinder or prevent Hospira from manufacturing or delivering the Product to Theratechnologies according to this Agreement.

6.2 ***Product Recalls.*** In the event: (a) any Regulatory Authority or other national government authority issues a request, directive or order that the Product be recalled; (b) a court of competent jurisdiction orders such a recall; or (c) Theratechnologies or Hospira reasonably determines that the Product should be recalled, the parties shall take all appropriate corrective actions, and shall cooperate in any governmental investigations surrounding the recall. In the event that such recall results from **[Redacted: Description of Obligation]** of this Agreement, Hospira shall be responsible for promptly replacing the quantity of Products that were recalled at no cost to Theratechnologies or reimbursing Theratechnologies for the cost of the Products that were recalled. In addition, Hospira shall be responsible for all administrative expenses of the recall.

In the event that the recall does not result from **[Redacted: Description of Obligation]** this Agreement, Theratechnologies shall be responsible for the expenses of the recall. For purposes of this Agreement, **[Description of Expenses].**

Article 7. Warranties; Covenants and Indemnification

7.1 ***Theratechnologies's Warranties.***

(a) Theratechnologies represents and warrants that it will abide by all applicable laws and regulations in performing its obligations under this Agreement.

(b) Theratechnologies also represents and warrants to Hospira that Theratechnologies's performance of its obligations under this Agreement will not result in a material violation or breach of any agreement, contract, commitment or obligation to which Theratechnologies is a party or by which it is bound and will not conflict with or constitute a default under its corporate charter or bylaws.

(c) Theratechnologies further represents and warrants that it will only sell the Product in the United States and only in conjunction with its Tesamorelin product.

7.2 ***Hospira's Warranties and Covenants.***

(a) Hospira represents and warrants to Theratechnologies that the Product Hospira delivers to Theratechnologies pursuant to this Agreement shall, at the time of delivery, not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended (the ***"Act"),*** or within the meaning of any applicable state or municipal law in which the definitions of adulteration and misbranding are substantially the same as those contained in the Act, as the Act and such laws are constituted and effective at the time of delivery and will not be an article which may not under the provisions of Sections 404 and 505 of the Act be introduced into interstate commerce.

(b) Hospira further represents and warrants to Theratechnologies that Product Hospira delivers to Theratechnologies pursuant to this Agreement shall, at the time of delivery, be free from defects in material and workmanship and shall be manufactured: (i) in accordance and conformity with the Product Specifications; and (ii) in compliance with all applicable statutes, laws, rules or regulations, including those relating to the environment, food or drugs and occupational health and safety, including, without limitation, those enforced or promulgated by the FDA (including, without limitation, compliance with cGMPs).

(c) Hospira further represents and warrants to Theratechnologies that Hospira's performance of its obligations under this Agreement will not result in a material violation or breach of any agreement, contract, commitment or obligation to which Hospira is a party or by which it is bound and will not conflict with or constitute a default under its Certificate of Incorporation or corporate bylaws.

(d) HOSPIRA MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO PRODUCT. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY HOSPIRA.

7.3 ***Indemnification by Hospira.*** Hospira shall indemnify and hold harmless Theratechnologies, its Affiliates, officers, directors and employees from and against all claims, causes of action, suits, costs and expenses (including reasonable attorney's fees), losses or liabilities of any kind related to this Agreement and asserted by third parties to the extent such arise out of or are attributable to: (a) Hospira's breach of any representation or warranty set forth in **[Redacted: Description of Breach]** ; (b) any violation of any proprietary right of any Third Party relating to Hospira's manufacturing processes used in the manufacture of Product pursuant to this Agreement; or (c) any negligent or wrongful act or omission on the part of Hospira, its employees, agents or representatives and which relate to Hospira's performance hereunder.

7.4 ***Indemnification by Theratechnologies.*** Theratechnologies shall indemnify and hold harmless Hospira, its Affiliates, officers, directors and employees harmless from and against all claims, causes of action, suits, costs and expenses (including reasonable attorney's fees), losses or liabilities of any kind related to this Agreement and asserted by third parties to the extent such arise out of or are attributable to: (a) Theratechnologies's breach of any representation or warranty set forth in **[Redacted: Description of Breach]** (b) the use of or lack of safety or efficacy of Tesamorelin (unless caused by the Product); or (c) any negligent or wrongful act or omission on the part of Theratechnologies, its employees, agents or representatives and which relate to Theratechnologies's performance hereunder.

7.5 ***Conditions of Indemnification.*** If either party seeks indemnification from the other hereunder, it shall promptly give notice to the other party of any such claim or suit threatened, made or filed against it which forms the basis for such claim of indemnification and shall cooperate fully with the other party in the investigation and defense of all such claims or suits. The indemnifying party shall have the option to assume the other party's defense in any such claim or suit with counsel reasonably satisfactory to the other party. No settlement or compromise **[Redacted: Settlement Conditions].**

7.6 ***No Consequential Damages.*** NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES RESULTING FROM ANY BREACH OF THIS AGREEMENT EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS LIMITATION ON LIABILITY SHALL NOT APPLY TO ANY DAMAGES OR CLAIMS FOR WHICH EITHER PARTY IS OBLIGATED TO INDEMNIFY THE OTHER PARTY PURSUANT TO THIS ARTICLE 7.

Article 8. Intellectual Property Rights

8.1 ***Hospira's Proprietary Rights.*** Hospira has granted no license, express or implied, to Theratechnologies to use Hospira proprietary technology, know-how or other proprietary rights other than for the purposes of this Agreement.

8.2 ***Theratechnologies's Proprietary Rights.*** Theratechnologies has granted no license, express or implied, to Hospira to use Theratechnologies's proprietary technology, know-how or other proprietary rights.

Article 9. Term And Termination

9.1 ***Term.*** This Agreement shall commence on the Effective Date and, unless earlier terminated as provided below, shall expire **[Redacted: Term]** years after the Effective Date (the ***"Initial Term").*** Unless otherwise terminated in accordance with this Article 9, this Agreement shall be automatically extended for additional and successive terms of **[Redacted: Term]** each (each, a ***"Renewal Term")*** unless either party gives the other party no less than **[Redacted: Term]** written notice of its intention not to renew prior to the expiry of the Initial Term. During any Renewal Term, either party may give notice of its intention not to renew the current Renewal Term by providing the other party with no less than **[Redacted: Term]** written notice of its intention not to renew prior to the expiry of the relevant Renewal Term.

9.2 ***Failure to Obtain Regulatory Approval.*** Either party may terminate this Agreement by giving to the other party **[Redacted: Term]** prior written notice if Tesamorelin has not received FDA regulatory approval by **[Redacted: Date].**

9.3 ***General Termination Rights.*** Either party may terminate this Agreement as follows:

(a) Immediately by providing written notice upon the bankruptcy or the insolvency of the other party; or

(b) Upon the expiry of **[Redacted: Term]** prior written notice given by a party upon the breach of any warranty or any other material provision of this Agreement by the other party if the breach is not cured within that **[Redacted: Term]** period.

9.4 ***Hospira Termination.*** If, in any **[Redacted: Term],** Theratechnologies waives Hospira's manufacturing and delivery obligations pursuant to Section 5.7, Hospira may terminate this Agreement upon **[Redacted: Term]** prior written notice to Theratechnologies.

9.5 ***Theratechnologies Termination.***

(a) Theratechnologies shall have the right to terminate this Agreement by giving **[Redacted: Term],** prior written notice to Hospira if such notice is given prior to its obtaining Regulatory Approval together with payment of **[Redacted: Amount],** *provided, however,* that such amount shall be payable only if Theratechnologies has not purchased at least **[Redacted: Quantity]** batch of Product prior to its obtaining Regulatory Approval. In the**[Redacted: Name]** and Hospira enter into a commercial Development and Supply Agreement **[Redacted: Purpose of Agreement].**

(b) Additionally, Theratechnologies shall have the right to terminate this Agreement upon **[Redacted: Term]** prior written notice to Hospira in the event that Theratechnologies is required definitively to remove Tesamorelin from the United States market pursuant to an order issued by the FDA.

9.6 ***Mutual Termination.*** Either party shall have the right to terminate this Agreement **[Redacted: Description of Cause]** ; *provided, however,* that the party wishing to terminate gives the other party no less than **[Redacted: Term]** prior written notice during the Initial Term and **[Redacted: Term]** prior written notice during any Renewal Term.

9.7 ***Accrued Payment Obligations.*** Upon termination pursuant to this Article 9, except by reason of breach by Hospira, Theratechnologies shall reimburse Hospira for Hospira's cost of all supplies purchased and on hand or on order, if such supplies were ordered by Hospira based on firm purchase orders or Theratechnologies's estimates of its requirements of Product, and such supplies cannot be reasonably used by Hospira for other purposes. Hospira shall invoice Theratechnologies for all amounts due hereunder. Payment shall be made pursuant to Section 4.5(b).

9.8 ***Survival.*** Expiration or early termination of this Agreement shall not relieve either party of any obligations that it may have incurred prior to expiration or early termination' in particular those covenants and agreements contained in Articles 4 (excluding Section 4.1), 6, 7 and 11, which will continue in full force and effect for a period of **[Redacted: Term]** unless a different time period is indicated in this Agreement.

Article 10. Confidential Information

10.1 ***Nondisclosure.*** It is contemplated that in the course of the performance of this Agreement each party may, from time to time, disclose Confidential Information to the other. Hospira agrees that, except as expressly provided herein, it shall not disclose Confidential Information received from Theratechnologies, and shall not use Confidential Information disclosed to it by Theratechnologies, for any purpose other than to fulfill Hospira's obligations hereunder. Theratechnologies agrees that, except as expressly provided herein, it shall not disclose

Confidential Information received from Hospira, and shall not use Confidential Information disclosed to it by Hospira, for any purpose other than to fulfill Theratechnologies's obligations hereunder.

10.2 ***Exceptions to Duty of Nondisclosure.*** Notwithstanding the above, nothing contained in this Agreement shall preclude Theratechnologies from utilizing Confidential Information as may be necessary to obtaining governmental marketing approvals pursuant to the terms and conditions of this Agreement, or for either party to comply with applicable governmental laws and regulations or court orders (provided that the party disclosing such information uses reasonable efforts to seek confidential treatment of such information, except as required to file and prosecute such patent applications). The obligations of the parties relating to Confidential Information shall survive for a period of **[Redacted: Term]** after the expiry or earlier termination of this Agreement.

10.3 ***Public Announcements.*** Neither party shall make any public announcement concerning the transactions contemplated herein, or make any public statement which includes the name of the other party or any of its Affiliates, or otherwise use the name of the other party or any of its Affiliates in any public statement or document, except as may be required by law or judicial order, without the written consent of the other party, which consent shall not be unreasonably withheld. Subject to any legal or judicial disclosure obligation, any such public announcement proposed by a party that names the other party shall first be provided in draft to the other party. Hospira acknowledges that Theratechnologies is a publicly traded company with continuous disclosure obligations. Accordingly, Theratechnologies may have to disclose in a press release, a material change report, its financial statements and its other continuous disclosure documents the execution of this agreement and the material terms thereof. In addition, Hospira acknowledges that Theratechnologies may have to file this Agreement with the Canadian securities regulatory authorities in order to fulfill its continuous disclosure obligations in Canada.

10.4 ***Injunctive Relief.*** The parties acknowledge that either party's breach of this Article 10 may cause the other party irreparable injury for which it would not have an adequate remedy at law. In the event of a breach, the non-breaching party may be entitled to injunctive relief in addition to any other remedies it may have at law or in equity.

Article 11. Miscellaneous

11.1 ***Force Majeure.***

(a) ***Excusable Delay.*** Any delay in the performance of any of the duties or obligations of either party hereto (except the payment of money) shall not be considered a breach of this Agreement and the time required for performance shall be extended for a period equal to the period of such delay, provided that such delay has been caused by or is the result of any acts of **[Redacted: Description of Events],** or other unforeseeable causes beyond the control and without the fault or negligence of the party so affected. The affected party shall give prompt notice to the other party of such cause, and shall take promptly whatever reasonable steps are necessary to relieve the effect of such cause.

(b) ***Transfer of Production.*** If Hospira becomes subject to an event of force majeure which interferes with production of Product at Hospira's Rocky Mount, North Carolina facility, the parties shall mutually agree on implementation of an agreed-upon action plan to transfer production of Product to another Hospira facility. The parties shall, after the execution of this Agreement and at the request of either party, meet to discuss and define such an action plan.

11.2 ***Notices.*** All notices hereunder shall be delivered as follows: (a) personally; (b) by facsimile and confirmed by first class mail (postage prepaid); (c) by registered or certified mail (postage prepaid); or (d) by overnight courier service, to the following addresses of the respective parties:
If to Theratechnologies:

2310 Alfred-Nobel Boulevard
Montreal, PQ
H4 2A4 Canada
Attention: Vice President
Pharmaceutical Development

Facsimile: (514) 331-7321

If to Hospira:

Hospira Worldwide, Inc.
275 North. Field Drive
Lake Forest, Illinois 60045
Attention General Manager, Contract
Manufacturing

Facsimile: (224) 212-3210

With copy to:

Hospira Worldwide, Inc.
Building H1; Department NLEG
275 N. Field Drive
Lake Forest, IL 60045
Attention: General Counsel

Facsimile: (224) 212-2086

Notices shall be effective upon receipt if personally delivered or delivered by facsimile and confirmed by first class mail, on the third business day following the date of registered or certified mailing or on the first business day following the date of or delivery to the overnight courier. A party may change its address listed above by written notice to the other party.

11.3 ***Choice of Law.*** This Agreement shall be construed, interpreted and governed by the laws of the State of New York, excluding its choice of law provisions. The United Nations Convention on the International Sale of Goods is hereby expressly excluded.

11.4 ***Alternative Dispute Resolution.*** The parties recognize that *bona fide* disputes may arise which relate to the parties' rights and obligations under this Agreement. The parties agree that, except as provided in Section 4.6 and for Third Party claims for which a party has a claim under this Agreement, all such disputes resulting from or arising under this Agreement shall be resolved by alternative dispute resolution in accordance with the procedure set forth in Exhibit 11.4. Notwithstanding the foregoing, nothing in this Agreement shall prevent either party from

bringing proceedings in a court of competent jurisdiction in order to obtain a preliminary injunction or other equitable relief or to enforce an award of the tribunal constituted pursuant to this Section 11.4.

11.5 ***Assignment.*** Neither party shall assign this Agreement nor any part thereof without the prior written consent of the other party; provided, however: (a) either party may assign this Agreement to one of its wholly-owned subsidiaries or its parent corporation without such consent; and (b) either party, without such consent, may assign this Agreement in connection with the transfer, sale or divestiture of substantially all of its business to which this Agreement pertains or in the event of its merger or consolidation with another company. Notwithstanding the foregoing, Theratechnologies, without such consent, shall have the right to assign this Agreement to **[Redacted: Name].** Any permitted assignee shall assume all obligations of its assignor under this Agreement. No assignment shall relieve any party of responsibility for the performance of any accrued obligation which such party then has hereunder.

11.6 ***Entire Agreement.*** This Agreement, together with the Exhibits referenced and incorporated herein, constitute the entire agreement between the parties concerning the subject matter hereof and supersede all written or oral prior agreements or understandings with respect thereto.

11.7 ***Severability.*** This Agreement is subject to the restrictions, limitations, terms and conditions of all applicable governmental regulations, approvals and clearances. If any term or provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision hereof, and this Agreement shall be interpreted and construed as if such term or provision, to the extent the same shall have been held to be invalid, illegal or unenforceable, had never been contained herein.

11.8 ***Waiver-Modification of Agreement.*** No waiver or modification of any of the terms of this Agreement shall be valid unless in writing and signed by authorized representatives of both parties. Failure by either party to enforce any such rights under this Agreement shall not be construed as a waiver of such rights, nor shall a waiver by either party in one or more instances be construed as constituting a continuing waiver or as a waiver in other instances.

11.9 ***Insurance.*** Hospira will procure and maintain, at its own expense, for the duration of the Agreement, and for**[Redacted: Term]** thereafter if written on a claims made or occurrence reported form, the types of insurance specified below with carriers rated **[Redacted: Rating]** with A. M. Best or like rating agencies.

(a) Workers' Compensation accordance with applicable statutory requirements and shall provide a waiver of subrogation in favor of the other party;

(b) Commercial General Liability including premises operations, products & completed operations, blanket contractual liability, personal injury and advertising injury including fire legal liability for bodily injury and property damage in an amount not less than **[Redacted: Amount]** and **[Redacted: Amount]** ; and

(c) Excess Liability, including products liability with a combined single limit in an amount of not less than **[Redacted: Amount]** ;

Hospira may, at its option, satisfy, in whole or in part, its obligations under this Section 11.9 through its self- insurance program.

11.10 ***Exhibits.*** All Exhibits referred to herein are hereby incorporated by reference.

11.11 ***Debarment Warranty.*** Hospira and Theratechnologies represent and warrant that neither party uses nor will use in the future use in any capacity the services of any person debarred under Section (a) or (b) of 21 U.S.C. Section 335a.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOLLOWS

In Witness Whereof, the parties intending to be bound by the terms and conditions hereof have caused this Agreement to be signed by their duly authorized representatives as of the date first above written.

HOSPIRA WORLDWIDE, INC.

By: *(signed) Anthony Cacich*
Name: Anthony Cacich
Title: Vice President & General Manager, Contract Manufacturing

THERATECHNOLOGIES, INC

By: *(signed) Luc Tanguay*
Name: Luc Tanguay
Title: Senior Executive Vice President and Chief Financial Officer

By: *(signed) Pierre Perazzelli*
Name: Pierre Perazzelli
Title: Vice President, Pharmaceutical Development

Exhibit 1.7

Packaging Specifications

[Redacted: Packaging Specifications]

Exhibit 1.9

Product Specifications

[Redacted: Product Specifications]

Exhibit 2.1

Development of Bulk Packaging Container Activities

[Redacted: Description of Activities]

Exhibit 2.3

Hourly Rates

[Redacted: Rates]

Exhibit 4.5

Product Prices

[Redacted: Prices]

Exhibit 11.4

Alternative Dispute Resolution

[Redacted: Dispute Resolution]

MANUFACTURING AND SUPPLY AGREEMENT

ENTERED INTO on the 11th day of March, 2009

BETWEEN: **Theratechnologies Inc.**, a company incorporated pursuant to the laws of the Province of Quebec, having its head office and principal place of business at 2310 Alfred-Nobel Boulevard, in the City of Montreal, Province of Quebec, Canada, H4S 2B4

(hereinafter referred to as **"Thera")**

AND: **Bachem Americas Inc.,** a company incorporated pursuant to the laws of the State of California, having its head office and principal place of business at 3132 Kashiwa Street, in the City of Torrance, State of California, United States of America, 90505

(hereinafter referred to as **"Americas")**

AND: **Bachem, Inc.,** a company incorporated pursuant to the laws of the State of California, having its head office and principal place of business at 3132 Kashiwa Street, in the City of Torrance, State of California, United States of America, 90505

(hereinafter referred to as **"Inc.")**

(Americas and Inc. are hereinafter collectively referred to as **"Bachem")**

WHEREAS Thera is a biopharmaceutical company which specializes in the research and the development of therapeutic peptides;

WHEREAS Bachem is a company which specializes in the manufacturing of therapeutic peptides;

WHEREAS on November 6, 2001, Peptix Inc., the manufacturing subsidiary of Thera, and Inc. entered into a Collaborative Development and Manufacturing Agreement (hereinafter referred to as the **"CDMA")** pursuant to which Inc., jointly with Peptix, developed a large scale manufacturing process for Thera's proprietary peptide, TH9507 or tesamorelin (hereinafter referred to as the **"Active Ingredient");**

WHEREAS on November 29, 2006, Peptix ceased its activities and transferred all of its assets and liabilities, including those pursuant to the CDMA, to Thera, its sole shareholder;

WHEREAS under the CDMA, the process for the manufacturing of **[Redacted: Quantity]** Lots (as hereinafter defined) of Active Ingredient remains subject to validation;

WHEREAS during the term of the CDMA, the requirements for the Active Ingredient changed, and future requirements are now more clearly defined as the commercial launch of a Finished Product (as hereinafter defined) approaches; and

WHEREAS the parties now wish to terminate the CDMA and enter into a new agreement to define their respective obligations with respect to the validation of the **[Redacted: Quantity]** manufacturing process, and the development and validation of a manufacturing process for the production of **[Redacted: Quantity]** Lots of Active Ingredient.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions In this Agreement, unless the context clearly indicates to the contrary, the following words shall have the meanings set out hereunder:

1.1.1 **"[Redacted: Quantity] Lot Manufacturing Process"** shall mean the manufacturing process which meets cGMPs and Applicable Laws for the production of a nominal **[Redacted: Quantity]** Lots of Active Ingredient, developed pursuant to Article 3 of the CDMA and the letter of agreement entered into on November 19, 2007 between Thera and Bachem. For the purposes of this agreement, reference to a Lot of **[Redacted: Quantity]** shall be interpreted to mean the yield of a Lot of **[Redacted: Quantity]** which may be less or more than **[Redacted: Quantity].**

1.1.2 **"Acquisition of Control of Thera"** shall mean the acquisition (whether by take-over bid, share exchange, amalgamation, merger, plan of arrangement, reorganization or subscription of securities) of voting securities of Thera by a Person, whether acting alone or jointly or in concert with other Persons, resulting in his holding of more than fifty percent (50%) of Thera's voting securities, or the sale, lease, licensing, transfer or disposal (whether voluntary or involuntary) of all, or substantially all, of the assets of Thera to a Person. For the purposes of this definition, it is a question of fact as to whether a Person is acting jointly or in concert with an other Person but a Person who, pursuant to an agreement, commitment or understanding, whether formal or informal, acquires securities of Thera or who intends to exercise the voting rights attached to the securities of Thera in concert with an other Person shall be presumed to be acting jointly or in concert with such other Person.

1.1.3 **"Active Ingredient"** shall mean the growth hormone-releasing factor analogue peptide developed by Thera, tesamorelin acetate, scientifically referred to as **[Redacted: Chemical Formula].**

1.1.4 **"Affiliate"** shall mean a Person directly or indirectly controlling, or controlled by, or under common control with an other Person, with "control" meaning direct or indirect ownership of more than 50% of the voting securities or similar rights of interests of such Person or the power, direct or indirect, to cause or direct the management or policies of an other Person.

1.1.5 **"Agreement"** shall mean this manufacturing and supply agreement together with the Quality Agreement.

1.1.6 **"Applicable Laws"** shall mean all laws, statutes, ordinances codes, rules, regulations, guidelines and procedures which have been enacted by Regulatory Authorities and are in effect during the Term hereof in each case to the extent applicable to the performance by the parties of their respective obligations hereunder or otherwise to the subject matter of this Agreement.

1.1.7 **"Bachem Know-How"** shall mean all of the manufacturing information, analytical methods and validation, technical information, know-how and inventions, patentable and non-patentable, relating to the manufacturing of molecules and developed by Bachem. For the avoidance of doubt, Bachem Know-How does not include any element of the Thera Know-How.

1.1.8 **"Breaching Party"** shall have the meaning ascribed thereto in Section 13.2 hereof.

1.1.9 **"cGMPs"** shall mean current Good Manufacturing Practices, as required for active pharmaceutical ingredients in accordance with the U.S. FDA guidance for industry Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients, as the same may be amended or re-enacted from time to time, and all equivalent guidelines and regulations as promulgated by the Regulatory Authorities.

1.1.10 **"Calendar Year"** shall mean the period beginning on January 1st of one year and ending on December 31st of that same year.

1.1.11 **"CDMA"** shall have the meaning ascribed thereto in the preamble of this Agreement.

1.1.12 **"Certificate of Analysis and Conformity"** shall mean the certificate of analysis confirming the identity, quality and purity of a Lot of Active Ingredient to which it pertains together with the certificate of conformity confirming that the same Lot of Active Ingredient was manufactured, tested, stored and supplied in compliance with cGMPs and Applicable Laws, each such certificate signed by an authorized employee of Bachem.

1.1.13 **"Confidential Information"** shall mean all data and information in oral, written, graphic, photographic, electronic, recorded or other form hereafter disclosed by either party (the **"Disclosing Party")** to the other party (the **"Recipient")** during the term of the CDMA and during the Term of this Agreement, including the Drug Master File, business plans, regulatory and product strategies and the Know-How, except for (i) information which, at the time of disclosure, is, or thereafter becomes, public knowledge through no breach of this Agreement, (ii) documented information which is rightfully in the Recipient's possession prior to the date of the CDMA; (iii) information which is disclosed to the Recipient by a Person (other than the Disclosing Party) which is rightfully in possession of same and is not bound by confidentiality provisions, (iv) information which is disclosed with the prior written approval of the Disclosing Party; (v) information which is independently developed by Recipient without benefit of the Confidential Information as evidenced by written records or (vi) information which the Recipient is required under any Applicable Laws or legal process to disclose to any competent judicial or Regulatory Authority; provided, however, that in the event that a disclosure is required under (vi), the Recipient has complied with the terms of Section 10.6.

1.1.14 **"Disclosing Party"** shall have the meaning ascribed thereto in Subsection 1.1.13 hereof.

1.1.15 **"Drug Master File"** shall mean all the documentation detailing information about facilities, processes or articles used in the manufacturing, processing, packaging and storing of the Active Ingredient, including the analytical test methods for the Active Ingredient.

1.1.16 **"EMEA"** shall mean the European Medicine Evaluation Agency or any successor entity thereto.

1.1.17 **"Executed Batch Record"** shall mean the record prepared from the approved Master Batch Record, containing complete information relating to the production and control of a Lot.

1.1.18 **"FDA"** shall mean the United States Food and Drug Administration or any successor entity thereto.

1.1.19 **"Finished Product"** shall mean a product based on, or containing, the Active Ingredient and that is approved by a Regulatory Authority.

1.1.20 **"Firm Order"** shall have the meaning ascribed thereto in Section 7.6.

1.1.21 **"Gram"** or **"g"** shall mean a gram of net peptide content. For the purposes of this definition, net peptide content shall mean the peptide content obtained using the elemental analysis method, or any other method mutually agreed to between the parties hereto.

1.1.22 **"Indemnified Party"** shall have the meaning ascribed thereto in Section 12.3 hereof.

1.1.23 **"Indemnifying Party"** shall have the meaning ascribed thereto in Section 12.3 hereof.

1.1.24 **"Liabilities"** shall have the meaning ascribed thereto in Section 12.1 hereof.

1.1.25 **"Lot"** shall mean a specific quantity of Active Ingredient produced pursuant to the **[Redacted: Quantity]** Lot Manufacturing Process or the **[Redacted: Quantity]** Lot Manufacturing Process.

1.1.26 **"Manufacturing Cost"** shall mean the cost of manufacturing the Active Ingredient. It shall be comprised of the following items: **[Redacted: Items].**

1.1.27 **"Manufacturing Processes"** shall mean the **[Redacted: Quantity]** Lot Manufacturing Process and the **[Redacted: Quantity]** Lot Manufacturing Process.

1.1.28 **"Master Batch Record"** shall mean the document containing formulas and manufacturing process for the Active Ingredient.

1.1.29 **"Minimum Purchase Obligation"** shall have the meaning ascribed thereto in Section 7.2.

1.1.30 **"mmole"** shall mean millimole.

1.1.31 **"Non-Breaching Party"** shall have the meaning ascribed thereto in Section 13.2 hereof.

1.1.32 **"Notice"** shall have the meaning ascribed thereto in Section 15.1 hereof.

1.1.33 **"[Redacted: Quantity] Lot Manufacturing Process"** shall mean the manufacturing process which meets cGMPs and Applicable Laws for the production of a nominal **[Redacted: Quantity]** Lot of Active Ingredient, developed pursuant to Section 4.2 hereof. For the purposes of this Agreement, reference to a Lot of **[Redacted: Quantity]** or **[Redacted: Quantity]** shall be interpreted to mean the yield of a Lot of **[Redacted: Quantity]** which may be less or more than **[Redacted: Quantity].**

1.1.34 **"Permitted Assignee"** shall mean a Person to whom this Agreement, together with the Quality Agreement, is assigned by Thera pursuant to Section 18.6.

1.1.35 **"Person"** shall mean an individual, a body corporate, a sole proprietorship, a partnership, a trust, a fund, an association, a syndicate, an organization or other organized group of persons, whether constituted or not as a legal person, or whether incorporated or not, and an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative, and any Regulatory Authority.

1.1.36 **"Purchase"** shall mean the issuance by Thera of a purchase order for the manufacture of one or more Lots of Active Ingredient, the acceptance

thereof by Bachem and the release by Bachem of the Active Ingredient referred to in such purchase order.

1.1.37 **"Qualification Batch"** shall mean a Lot of Active Ingredient that meets Specifications and is manufactured following a work plan and in compliance with cGMPs and Applicable Laws to assess the critical parameters and test the proper functioning of a manufacturing process.

1.1.38 **"Quality Agreement"** shall mean the Quality Agreement attached hereto as Schedule 1.1.38.

1.1.39 **"Quarter"** shall mean a three-month period starting on the first day of each of January, April, July and October.

1.1.40 **"Recipient"** shall have the meaning ascribed thereto in Subsection 1.1.13 hereof.

1.1.41 **"Regulatory Authorities"** shall mean the FDA, the TPD and the EMEA and any other regulatory authority having jurisdiction over the manufacture, packaging, marketing, sale and distribution of the Active Ingredient.

1.1.42 **"Related Party"** shall mean any Person who (i) owns 10% or more of the outstanding shares of Thera or (ii) is a subsidiary of Thera or (iii) is the partner of Thera in a strategic alliance or licensing deal to develop and/or commercialize a product containing the Active Ingredient.

1.1.43 **"Specifications"** shall mean those specifications set forth in Schedule 1.1.43A and Schedule 1.1.43B attached hereto, as may be modified from time to time by mutual agreement of the parties hereto.

1.1.44 **"Term"** shall mean the term of this Agreement as stipulated in Section 13.1 or any shorter term if terminated prematurely for any reason.

1.1.45 **"Thera's Annual Requirement(s)"** shall mean the direct ordering by Thera of Active Ingredient to fulfill its needs in Active Ingredient during a Calendar Year for the sale by Thera of a Finished Product.

1.1.46 **"Thera Know-How"** shall mean all of the manufacturing information, analytical methods and validation, technical information, Master Batch Record, regulatory information, know-how and inventions, patentable and non-patentable relating to the Manufacturing Processes but shall exclude (i) information which is now in the public domain or subsequently becomes such through no breach of this Agreement and then only from said latter date or (ii) documented information which is rightfully in Bachem's possession prior to the date of the CDMA or subsequently independently developed by Bachem.

1.1.47 **"Third-Party Contract Manufacturer"** shall mean a company marketing its contract manufacturing capabilities and/or producing bulk active pharmaceutical ingredient.

1.1.48 **"TPD"** shall mean the Therapeutic Products Directorate of Health Canada or any successor entity thereto.

1.1.49 **"Validation Lots"** shall have the meaning ascribed thereto in Section 5.3 hereof.

1.1.50 **"Validation Process"** shall mean all activities related to process validation including, but not limited to, In-Process HPLC Method Validation, manufacturing of **[Redacted: Quantity]** Validation Lots and performing stability testing on each of the **[Redacted: Quantity]** Validation Lots.

1.1.51 **"Validation Process Costs"** shall have the meaning ascribed thereto in Section 5.4 hereof.

1.2 Interpretation This Agreement shall be governed by the following provisions:

1.2.1 Should any provision of this Agreement be null or without effect or deemed unwritten, it or they shall not render the other provisions, terms and conditions hereof invalid as this Agreement is not an indivisible whole.

1.2.2 The parties acknowledge that each provision of this Agreement was negotiated in good faith, understood and for good and valuable consideration, agreed to by them and that the agreement does not constitute an adhesion contract for it.

1.2.3 Time shall be of the essence of this Agreement and every part thereof.

1.2.4 The division of this Agreement into Articles, Sections, Subsections and other subdivisions and the insertions of headings are for convenience of reference only and shall not affect or be utilized in the construction or the interpretation hereof.

1.2.5 Where required herein, the singular shall comprise the plural and vice versa, the masculine shall include the feminine and vice versa while the neuter shall comprise both the masculine and the feminine.

1.2.6 This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein without giving effect to the conflict of law principles thereof. Each party agrees to submit to the non-exclusive jurisdiction of the courts of the Province of Quebec with respect to any matter arising in relation to this Agreement.

1.2.7 The schedules annexed to this Agreement are incorporated by reference herein and form a part hereof.

1.2.8 Unless otherwise indicated herein, all references to dollars in this Agreement shall be to United States dollars.

ARTICLE 2
TERMINATION OF CDMA

2.1 The parties hereby terminate the CDMA, as of the date hereof, which shall thereafter become void and without effect, except for the obligations described in Section 11.4 of the CDMA and those listed in Schedule 2.1 hereto which shall survive its termination.

2.2 The parties acknowledge and agree that the large scale manufacturing process that was developed pursuant to Article 3 of the CDMA was for batches of **[Redacted: Quantity]** and not for **[Redacted: Quantity]** batches, as it was initially provided for in the CDMA, and that such process is referred to in this Agreement as the **[Redacted: Quantity]** Lot Manufacturing Process.

2.3 Neither party shall have any liability or obligation towards the other in respect of the termination of the CDMA, other than as described in Section 2.1 herein.

ARTICLE 3
[REDACTED: QUANTITY] LOT MANUFACTURING PROCESS VALIDATION

3.1 The parties acknowledge that the **[Redacted: Quantity]** Lot Manufacturing Process has not been validated under the CDMA and is currently under validation.

3.2 Bachem agrees to validate the **[Redacted: Quantity]** Lot Manufacturing Process **([Redacted: Quantity])** and shall, in cooperation with Thera, obtain the approvals of the Regulatory Authorities in relation thereto.

3.3 Bachem shall be responsible for the work in relation to the validation of the **[Redacted: Quantity]** Lot Manufacturing Process and shall carry out such work at its facilities in Torrance, California. The cost associated with such work is covered by the purchase order number **[Redacted: Number]** described in Schedule 2.1 hereto.

3.4 As part of the validation of the **[Redacted: Quantity]** Lot Manufacturing Process, Bachem shall manufacture **[Redacted: Quantity]** Lots of Active Ingredient, each comprised of **[Redacted: Quantity]** of Active Ingredient and each meeting the Specifications as defined in Schedule 1.1.43B. Such **[Redacted: Quantity]** Lots shall be delivered to Thera before **[Redacted: Date].** Article 7 of this Agreement shall apply to the manufacturing, analysis, delivery and payment of such Lots unless otherwise provided for herein.

ARTICLE 4
[REDACTED: QUANTITY] LOT MANUFACTURING PROCESS

4.1 Upon written request from Thera and provision of a valid purchase order as described in Schedule 4.2 (Sections 1, 2, 3, and 5), Bachem shall develop and modify the **[Redacted: Quantity]** Lot Manufacturing Process to a cGMP-compliant manufacturing process for the production of Lots of **[Redacted: Quantity]** of Active Ingredient.

4.2 The **[Redacted: Quantity]** Lot Manufacturing Process shall follow the draft work plan described in Schedule 4.2 hereto and comply with the Specifications defined in Schedule 1.1.43A.

4.3 The parties agree to use their commercial best efforts to finalize the draft work plan described in Schedule 4.2 hereof within **[Redacted: Term]** from the date of execution of this Agreement.

4.4 The Manufacturing Processes and Thera Know-How shall be the sole and exclusive property of Thera. However, during the Term of this Agreement, Thera agrees not to disclose information relating to Bachem Know-How, without the prior written approval of Bachem, to a Third-Party Contract Manufacturer, unless such Third-Party Contract Manufacturer is a Related Party, or to disclose the information in any publication or public presentation.

4.5 The **[Redacted: Quantity]** Lot Manufacturing Process shall be deemed completed (i) upon release by Thera and Bachem of the Qualification Batch and (ii) upon successful completion of the validation plan/protocol. If the Qualification Batch does not meet Specifications and/or no validation plan/protocol can be derived from the results obtained following the execution of the draft work plan described in Schedule 4.2, the **[Redacted: Quantity]** Lot Manufacturing Process shall be deemed unsuccessful and Bachem shall continue working, developing and optimizing the **[Redacted: Quantity]** Lot Manufacturing Process at no cost to Thera until a Qualification Batch is released and the validation plan/protocol successfully completed. In the event that Bachem is unable to successfully develop the **[Redacted: Quantity]** Manufacturing Process, Bachem shall provide written notice of same to Thera and shall discontinue its development efforts. Upon notification to Thera, all references to the **[Redacted: Quantity]** Lot Manufacturing Process contained within this Agreement shall become null and void while all other provisions of the Agreement shall remain in effect.

ARTICLE 5
[REDACTED: QUANTITY] LOT MANUFACTURING PROCESS VALIDATION

5.1 Validation of the **[Redacted: Quantity]** Lot Manufacturing Process may be initiated only after the approval of the Qualification Batch and the approval of the plan/protocol as described in Article 4. Upon written request from Thera and provision of a valid purchase order according to the pricing listed in Schedule 4.2 (Section 4), Bachem shall validate the **[Redacted: Quantity]** Lot Manufacturing Process and shall, in cooperation with Thera, obtain the approvals of the Regulatory Authorities in relation thereto. Following the date of the successful completion of the **[Redacted: Quantity]** Lot Manufacturing Process, the **[Redacted: Quantity]** Lot Manufacturing Process shall be validated on the earlier of (i) a date that is within **[Redacted: Term]** from the date of receipt by Bachem of a purchase order for the manufacture of **[Redacted: Quantity]** Validation Lot and (ii) a date that is within **[Redacted: Term]** from the date of Regulatory Approval of a Finished Product. For the avoidance of doubt, Thera shall provide purchase orders as are necessary for Bachem to complete the Validation Process in accordance with this timeline.

5.2 Bachem shall be responsible for the work in relation to the Validation Process and shall carry out such work at its facilities in Torrance, California.

5.3 As part of the Validation Process, Bachem shall manufacture **[Redacted: Quantity]** Lots of Active Ingredient, each comprised of **[Redacted: Quantity]** of Active Ingredient (the "**Validation Lots**"). The first Validation Lot shall be delivered within **[Redacted: Term]** of the date of a written purchase order issued by Thera with confirmed receipt by Bachem. Subsequent Validation Lots shall be delivered as agreed between the parties. The **[Redacted: Quantity]** Validation Lots shall be delivered within the time period described in Section 5.1.

5.4 Thera shall pay Bachem for the Hex-GRF Process Development and Validation Process a total amount of **[Redacted: Amount]** according to the work plan described in Schedule 4.2 hereto (hereinafter referred to as "**Validation Process Costs**"). The Validation Process Costs and the Validation Lots shall be payable upon the terms set forth in Section 7.15 hereunder.

5.5 Both Bachem and Thera's Quality Assurance Departments shall approve in writing the protocols prior to commencement of the Validation Process. Sections 7.9 to 7.25 hereunder shall apply to the manufacturing and delivery of the Validation Lots.

5.6 If the Manufacturing Processes are not approved by the Regulatory Authorities and such refusal is attributable to the work done by Bachem, Bachem shall have **[Redacted: Term]** to correct all deficiencies, at its own costs, without any further payment by Thera. If the Manufacturing Processes are still not approved after

such **[Redacted: Term]** period and the delay is attributable to Bachem, Thera shall have the right to terminate this Agreement upon a**[Redacted: Term]** prior notice.

5.7 The Drug Master File regarding the manufacturing of the Active Ingredient at Bachem's facilities shall be the sole and exclusive property of Bachem and shall be deemed Confidential Information. The Drug Master File may not be sold, transferred, assigned or disclosed to a Person unless Thera consents in writing to such sale, transfer, assignment or disclosure, except as described in this Section. Prior to the expiry of US patent No. 5,861,379, as such patent term may be extended by statute or regulation, Bachem shall not give permission to a third party to refer to the Drug Master File, unless Bachem obtains the prior written consent of Thera. Bachem shall provide Thera with a copy of the Drug Master File and shall file and maintain such Drug Master File with the Regulatory Authorities free of charge, during the Term of this Agreement. Bachem will authorize the Regulatory Authorities to review the Drug Master File or other pertinent information in support of a product submission filed by Thera, a successor thereof, a partner or a licensee containing the Active Ingredient. Bachem shall respond to regulatory inquiries in compliance with the timelines presented by the Regulatory Authorities.

5.8 During the Term of this Agreement, Bachem shall be solely liable for, and shall save, defend, indemnify and hold harmless Thera from and against any and all suits, claims, actions, awards, demands, liabilities, expenses and/or losses resulting or arising out of non compliance by Bachem of regulatory and environmental laws of the United States and any State thereof.

ARTICLE 6
TRANSFER OF MANUFACTURING PROCESSES

6.1 Bachem shall transfer to Thera, from time to time and on a timely basis, all of Bachem Know-How during the Term of this Agreement.

6.2 Bachem shall provide Thera with a skilled supervisor to help replicate the Manufacturing Processes, as validated, at Thera's facilities and to train Thera's employees to become skilled in the Manufacturing Processes.

6.3 Bachem shall provide such representatives at a charge of **[Redacted: Rate]** per eight-hour workday per person, plus all reasonable travel and out-of-pocket expenses. Provision of representatives shall be limited to two separate occasions of not more than two weeks per occasion unless otherwise agreed in writing by the parties.

6.4 During such transfer, Thera agrees to use the same suppliers as Bachem for solvents and amino-acids derivatives and coupling reagents; provided, however, that such suppliers' prices are competitive in the market. Bachem shall not be held

responsible for any manufacturing failures attributed to raw materials from suppliers which were not approved by Bachem.

6.5 In the course of the replication of the Manufacturing Processes, Thera shall be solely liable for, and shall save, defend, indemnify and hold harmless Bachem from and against any and all suits, claims, actions, awards, demands, liabilities, expenses and/or losses resulting or arising out of non compliance by Thera of regulatory and environmental laws of Canada and any Province thereof that may ensue from said replication under this Article 6.

ARTICLE 7
MANUFACTURING OF ACTIVE INGREDIENT

7.1 During the Term of this Agreement, Bachem and any Affiliate thereof shall manufacture and sell the Active Ingredient exclusively to Thera and its Permitted Assignees, in accordance with the Manufacturing Processes. In the event this Agreement is terminated prior to its Term, neither Bachem nor any of its Affiliates shall, either alone or in collaboration with any Person, until the expiry of US patent No. 5,861,379, as such patent term may be extended by statute or regulation, engage in any activity directed to the process development, manufacture, supply or commercialization of any product similar to, based on or derived from, the Active Ingredient.

7.2 Subject to the terms and conditions contained herein and subject to the successful completion of the **[Redacted: Quantity]** Lot Manufacturing Process or the **[Redacted: Quantity]** Lot Manufacturing Process, Thera shall Purchase from Bachem, during each Calendar Year, **[Redacted: Minimum Purchase Formula]** (hereinafter the **"Minimum Purchase Obligation").** The Active Ingredient shall be purchased in Lots of **[Redacted: Quantity]** or **[Redacted: Quantity].** Notwithstanding the foregoing, Thera shall have the right to purchase the Active Ingredient from third party suppliers. Subject to the following sentence, lots of Active Ingredient purchased from, and manufactured by, one such third party supplier for the purposes of qualifying such third party supplier as a supplier of Active Ingredient will not be computed for the purposes of determining Thera's fulfillment of its Minimum Purchase Obligation for one Calendar Year. Thera's obligation to fulfill its Minimum Purchase Obligation will be suspended in the Calendar Year during which one additional third party supplier will have completed the validation of **[Redacted: Quantity]** lots of Active Ingredient if Thera Purchases from Bachem during that Calendar Year at least **[Redacted: Quantity]** Lot of Active Ingredient.

7.3 The price for the Active Ingredient manufactured in **[Redacted: Quantity]** Lots shall be based on the prices described in Schedule 7.3 hereto. In the event that a particular lot yields more than **[Redacted: Quantity]** net, Thera will have the right to purchase such quantity above the targeted **[Redacted: Quantity]** net at a

price equal to **[Redacted: Percentage]** of the price set forth for such Lot in the purchase order used for the Purchase.

7.4 The price for the Active Ingredient manufactured in Lots of **[Redacted: Quantity]** shall be negotiated between the parties after the manufacture of the Qualification Batch and before the issuance of a purchase order by Thera to Purchase the Validation Lots based on reasonable commercial terms. If the parties do not agree on the selling price of Lots of **[Redacted: Quantity],** Thera shall have no obligation to proceed with the Validation Process and the Purchase of the Validation Lots. If there occur any disagreement between the parties on the selling price of Lots of **[Redacted: Quantity],** the reference in Section 7.2 to **[Redacted: Quantity]** shall be reduced to **[Redacted: Quantity]** .

7.5 Notwithstanding Thera's Minimum Purchase Obligation hereunder, if Thera's Annual Requirements for the Active Ingredient in any Calendar Year are lower than **[Redacted: Quantity]** , Thera shall exclusively order such lower quantity of Active Ingredient from Bachem for any such Calendar Year; provided, however, that Thera shall be under no such obligation if Bachem is in breach of this Agreement, is unable to manufacture the Active Ingredient pursuant to the terms hereof or the delivery date for an order takes longer than what is customary for Bachem.

7.6 From the date of commercial launch of a Finished Product, Thera shall furnish Bachem, on the **[Redacted: Term]**, a rolling forecast of the quantities of Active Ingredient that Thera intends to Purchase on **[Redacted: Term]** basis during a **[Redacted: Term]**. The quantities indicated in such rolling forecast shall be binding on Thera for **[Redacted: Term]** and a purchase order shall accompany the forecast (the "**Firm Order**"). The remaining quantities for the following **[Redacted: Term]** shall not be binding on Thera and shall be used by Bachem for planning purposes only. If the date of commercial launch of a Finished Product is a date that is not the first day **[Redacted: Term],** the **[Redacted: Term]** of a Firm Order shall be comprised of (i) that number of days remaining in the **[Redacted: Term]** during which the commercial launch occurs and (ii) the **[Redacted: Term]**. For the avoidance of doubt, firm orders for **[Redacted: Term]** shall be comprised of **[Redacted: Term].**

7.7 Thera shall place with Bachem written purchase orders for the Active Ingredient to be delivered hereunder at least **[Redacted: Term]** prior to the delivery date specified in each respective purchase order and shall request receipt confirmation by Bachem of the purchase order within **[Redacted: Term]** of sending each purchase order. The minimum quantity ordered per purchase order shall be **[Redacted: Quantity]** of the Active Ingredient. These purchase orders shall be binding upon Thera provided Bachem accepts such purchase order and confirms in writing the delivery date of the Active Ingredient ordered within **[Redacted: Term]** after its receipt of a written purchase order. If Bachem does not confirm in writing acceptance of a purchase order, does not confirm in writing the delivery

date or, if it confirms a delivery date and such delivery date is a date that is **[Redacted: Term]** after its receipt of a purchase order, or if Bachem does not respond within **[Redacted: Term]** following a request from Thera regarding the receipt of a purchase order, then the Firm Order shall no longer be binding on Thera and the purchase order shall be deemed not accepted. Any quantity of Active Ingredient purchased from an other supplier shall be computed for the purposes of determining Thera's fulfillment of its Minimum Purchase Obligation; provided however, [**Redacted: Conditions**]. Bachem shall use its best efforts to accommodate any reasonable requests by Thera to increase the quantity of Active Ingredient being subject to a purchase order accepted by Bachem.

7.8 Bachem shall remit to Thera and maintain an approved Master Batch Record prior to manufacturing any commercial Lot. Modifications to the Master Batch Record shall be approved by Thera and Bachem.

7.9 Bachem shall maintain reserve samples of each lot of Active Ingredient sufficient to meet regulatory requirements and guidelines.

7.10 Bachem shall perform, or cause to be performed, sample tests on each Lot of Active Ingredient manufactured pursuant to this Agreement before delivery to Thera. Each test report shall set forth the items tested, Specifications and test results in the Certificate of Analysis and Conformity (as defined in Section 1.1.12) for each Lot. Bachem shall send, or cause to be sent, such Certificates of Analysis and Conformity, a complete Executed Master Batch Record for each Lot manufactured and released and all other release documents to Thera prior to the delivery of any manufactured Lot.

7.11 Upon either party's discovery that a Lot of Active Ingredient, which has previously been released by Bachem, does not conform to the Specifications, or that the release documentation, including the Certificate of Analysis and Conformity and any Executed Batch Record, does not comply with cGMPs or Applicable Laws, or does not contain the quantity of Active Ingredient being subject to a purchase order accepted by Bachem, other than normal weighing variance as per scale precision, the discovering party will immediately notify the other party of such failure to meet the Specifications, the cGMPs or the Applicable Laws, or the shortage in quantity, as the case may be, and of the nature of such failure or shortage in detail, including, but not limited to, supplying the other with all investigatory reports, data, and communications, out-of-specification reports and data and the results of all outside laboratory testing and conclusions, if any. Bachem shall investigate all such failures promptly and fully cooperate with Thera in determining the cause for the failure and a corrective action to prevent future failures. Should the failure be due to shelf-life expiration, no further action will be required of Bachem. Bachem agrees to **[Redacted: Supplier's Obligations].** However, should the parties disagree as to failure of a Lot to meet Specifications, the parties shall name an independent third-party laboratory to test the Lot and the decision of such laboratory shall be binding on

both parties. If the parties cannot agree on an independent third-party laboratory, each party shall appoint one independent third-party laboratory and the two independent third-party laboratories shall appoint a third independent third-party laboratory which shall test the Lot. The decision of such third independent third-party laboratory shall be binding on both parties. The costs associated with these activities shall be paid by the party at fault. The payment of the Lot subject to a claim will be postponed until the claim has been resolved.

7.12 Lots of Active Ingredient shall only be released once the Quality Assurance Department of Bachem has confirmed that the Lots conform to Specifications and that the manufacturing of the Lots complies with cGMPs and Applicable Laws.

7.13 Bachem shall be responsible for taking quality control stability samples in support of the regulatory filings for the Active Ingredient, testing stability samples on a timely basis, and providing Thera with all reports and data generated therefrom. Upon learning of a stability test failure, Bachem shall immediately notify Thera. After the commercial launch of a Finished Product, Bachem shall implement a stability program following the guidelines published from time to time by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use to test the stability of the Active Ingredient in compliance with post-approval commitments made by Thera to the Regulatory Authorities. For the avoidance of doubt, any stability testing required will be billed to Thera by Bachem with agreement on pricing reached before initiation of the study. If the stability test failure occurs within **[Redacted: Term]** of the date of manufacture of a Lot, Bachem shall immediately initiate a stability failure investigation at Bachem's expense and cooperate with Thera in attempting to determine the cause for the failure and corrective action to prevent future failures.

7.14 Delivery terms for international deliveries in countries that are a party to the North-American Free Trade Agreement shall be**[Redacted: Delivery Terms]** at the location specified in writing by Thera. A certificate of origin (US) shall be supplied to Thera in order to classify the Lots of Active Ingredient as part of the North-American Free Trade Agreement. Delivery terms within the United States of America shall be **[Redacted: Delivery Terms]** at the location specified in writing by Thera. The delivery terms in countries other than those above-mentioned shall be mutually agreed upon by the parties prior to any delivery. **[Redacted: Allocation of Costs]**

7.15 Payment shall be made by cheque or by wire transfer to Bachem. The terms of payment shall be net**[Redacted: Term]** following receipt by Thera of each of the Certificate of Analysis and Conformity, the Executed Batch Record and an invoice for the Lots of Active Ingredient. Invoices shall only be prepared by Bachem once the Lots have been released by Bachem. A copy of the Executed Batch Record for each Lot of Active Ingredient being subject to a purchase order

accepted by Bachem shall be provided to Thera within**[Redacted: Term]** of release of a Lot.

7.16 Bachem represents and warrants that each lot of Active Ingredient manufactured by Bachem and sold to Thera pursuant to this Agreement will meet the Specifications for such Active Ingredient in effect at the time title to such Active Ingredient passes from Bachem to Thera. Thera may amend such Specifications from time to time only with the prior written consent of Bachem, which consent shall not be unreasonably withheld.

7.17 Bachem represents and warrants that it has sufficient manufacturing capacity to enable Thera to fulfill, in each Calendar Year, Thera's Minimum Purchase Obligation.

7.18 Bachem represents and warrants that during the Term, its premises shall be maintained in accordance with cGMPs and Applicable Laws as will allow Bachem to manufacture the Active Ingredient pursuant to the terms of this Agreement.

7.19 Bachem represents and warrants that all Active Ingredient will be manufactured in conformity with the Manufacturing Processes, cGMPs and Applicable Laws.

7.20 Bachem shall notify Thera immediately of any material deviations to the Manufacturing Processes that require further investigation. The proposed deviation must be approved by Thera prior to implementation unless it is physically impossible to do so. In such cases, the deviation will be communicated to Thera prior to the release of a Lot.

7.21 **[Redacted: Name]** shall be responsible for all costs associated with any recalls or market withdrawals, whether voluntary or involuntary, of the Active Ingredient or any Finished Product, provided however that **[Redacted: Name]** shall reimburse **[Redacted: Name]** for all costs (including, without limitation, replacement costs for recalled or withdrawn Active Ingredient or Finished Product and costs associated with notifying customers, shipment of recalled Active Ingredient or Finished Product from customers and shipment of replacement Active Ingredient or Finished Product to those customers) incurred in connection with any recalls associated with (i) the failure of the Active Ingredient to meet Specifications, cGMPs or Applicable Laws, (ii) defective manufacture, storage, handling, labeling or packaging by **[Redacted: Name],** (iii) any breach by **[Redacted: Name**] of any representation, warranty or covenant contained in this Agreement, or (iv) the willful misconduct or negligence of **[Redacted: Name].** In the event that fault for the failure which initiates the recall is split between**[Redacted: Name],** the parties shall negotiate in good faith to allocate the costs of the recall according to the allocation of fault.

7.22 Bachem shall maintain all manufacturing, packaging, analytical and stability records, all records of shipment, and all validation data relating to the Active Ingredient to the extent and for the time periods required by Applicable Laws with respect to the Active Ingredient.

7.23 Bachem shall advise Thera promptly if an authorized agent of any Regulatory Authority visits the facilities where the Active Ingredient is being manufactured, to conduct an inspection concerning the Active Ingredient. Upon request, Bachem shall furnish to Thera all material information supplied to, or supplied by, such Regulatory Authority.

7.24 Within **[Redacted: Term]** of receipt thereof, Thera and Bachem shall send and make available, or cause to be sent or made available, to each other, regulatory correspondence directly related to the Active Ingredient or Finished Product (to the extent directly related to the Active Ingredient) or any order, request or directive of any court or Regulatory Authority concerning the withdrawal of Active Ingredient or Finished Product (to the extent directly related to the Active Ingredient), and correspondence bearing on the safety and efficacy of the Active Ingredient or Finished Product (to the extent directly related to the Active Ingredient). Bachem shall cooperate with Thera in the event of any recall or withdrawal of the Active Ingredient or Finished Product and provide such reasonable assistance in connection therewith as Thera may reasonably request. All other regulatory correspondence or order, request or directive of any court or Regulatory Authority which could have a material adverse effect on the manufacture of the Active Ingredient or the Finished Product shall be sent or made available, or cause to be sent or made available, to each other within **[Redacted: Term]** from receipt thereof.

7.25 Pursuant to reported complaint and/or adverse drug event, if the nature of the reported complaint and/or adverse drug event requires testing, Bachem will, at Thera's reasonable request, perform analytical testing of corresponding retention samples and provide the results thereto to Thera as soon as reasonably practicable; provided, however, that Bachem shall be responsible for the reasonable costs of such testing and reporting to the Regulatory Agency if it is determined that Bachem is responsible for such reported complaint and/or adverse drug event.

7.26 In the event that the sale or manufacture of the Active Ingredient is suspended or halted further to a decision of a Regulatory Authority while a purchase order accepted by Bachem is outstanding, Thera shall have the right to cancel such purchase order. Upon cancellation, Bachem shall not commence the manufacturing of any Lot and shall cease manufacturing any Lot of Active Ingredient. Thera's only liability shall be to pay to Bachem the **[Redacted: Cost]** incurred by Bachem in relation to the Lots being manufactured which are subject to such cancellation. No **[Redacted: Cost]** shall be payable to Bachem if it is determined that Bachem is responsible for the issuance of such suspension or halt.

7.27 At the end of the Term, Bachem shall immediately terminate production of the Active Ingredient and shall transfer to Thera, at Thera's expenses, all normal and reasonable inventory of Active Ingredient and all normal and reasonable inventory of raw materials and packaging components on hand. Thera hereby agrees to accept such transfer and pay for the inventory at the price in effect at that time between the parties, and the raw materials and packaging components at their acquisition cost, plus any costs associated with testing, storage, handling or delivery to Bachem including, without limitation, freight charges and associated duties, taxes and clearance charges and Bachem shall provide to Thera the original invoices as evidence of the costs.

7.28 During the Manufacturing Processes, Bachem shall keep Thera informed of any difficulty, irregularity or problem that may have an adverse effect on the Specifications, the volume of Active Ingredients ordered or the delivery date of the Active Ingredients. If the information communicated by Bachem to Thera relates to:

7.28.1 the failure by Bachem to meet the Specifications for a lot of Active Ingredient, notwithstanding Section 7.2 herein, Thera shall have the right to retain the services of an other supplier to manufacture a Lot of Active Ingredient and the quantity of Active Ingredient manufactured by such supplier shall be included as forming part of Thera's Minimum Purchase Obligation. The right of Thera to retain the services of an other supplier shall not be deemed a waiver of its other rights under this Agreement or at law against Bachem and no money shall be owed by Thera to Bachem in connection with the Lot of Active Ingredient that does not meet the Specifications;

7.28.2 the failure by Bachem to meet the volume of Active Ingredient ordered, notwithstanding Section 7.2 herein, Thera shall have the right to retain the services of an other supplier to manufacture a Lot of Active Ingredient for the quantity of Active Ingredient that Bachem is unable to deliver and the quantity of Active Ingredient manufactured by such supplier shall be included as forming part of Thera's Minimum Purchase Obligation. Thera shall only pay Bachem for the delivered. Thera's rights hereunder shall not be deemed a waiver of its other rights under this Agreement or at law against Bachem;

7.28.3 the failure by Bachem to meet the delivery date of the Active Ingredient, then Thera shall have the right to reschedule a delivery date for the Active Ingredient being subject to a purchase order accepted by Bachem and Thera shall remain liable to Bachem for the payment of the Lot of Active Ingredient upon delivery thereof on the rescheduled delivery date. Furthermore, Thera shall have the right to retain the services of an other supplier to manufacture a lot of Active Ingredient and the quantity of Active Ingredient manufactured by such manufacturer shall be included as forming part of Thera's Minimum Purchase Obligation. Thera's rights

hereunder shall not be deemed a waiver of its other rights under this Agreement or at law against Bachem.

ARTICLE 8
COVENANTS

8.1 During the Term of this Agreement, Thera grants Bachem a royalty-free non-exclusive license to use Thera Know-How for the purposes of this Agreement. Bachem agrees not to use or exploit the Thera Know-How for any other purpose than as set forth in this Agreement. Bachem shall not have the right to grant sublicenses and make any publication in any form of the Thera Know-How without the prior written consent of Thera.

8.2 Bachem shall manufacture the Active Ingredient at its facilities in Torrance, California.

8.3 During the Term of this Agreement, the parties agree not to directly or indirectly solicit, recruit or otherwise seek to induce any employee of the other party to terminate their employment or violate any agreement with or duty to the other party.

8.4 Bachem agrees to collaborate with Thera and provide Thera with any documentation necessary in the filing of an investigational new drug application, new drug submission or application with a Regulatory Authority.

8.5 During the Term of this Agreement, Bachem shall maintain an appropriate inventory system in place and shall provide Thera with monthly inventory reports of the Active Ingredient.

8.6 During the Term of this Agreement and thereafter, for the period required by Applicable Laws during which Bachem shall keep documentation and records relating to the manufacture of the Active Ingredient, Bachem shall give access to the auditors of Thera at its facility(ies) where the Active Ingredient is manufactured for inventory count purposes. Bachem shall be provided with a reasonable prior written notice in relation to such inventory count and access.

8.7 Bachem shall maintain the Active Ingredient in a cGMP storage area and shall limit the access to the Active Ingredient to its authorized personnel only.

8.8 In the event a Regulatory Authority having jurisdiction in a country where Thera sells or markets a Finished Product requires any change to the Manufacturing Processes and/or the Specifications, Bachem shall use commercially reasonable efforts to make the required changes so long as such changes do not conflict with cGMPs. In the event amendments are required to the Manufacturing Processes and/or the Specifications, Thera and Bachem shall agree on appropriate amendments or supplements and shall incorporate or include such amendment or

supplement in or as part of the Master Batch Record. In the event that any changes described significantly influence the cost of manufacturing, Bachem and Thera shall negotiate in good faith to adjust pricing. Thera agrees to use reasonable efforts to limit the demand of a Regulatory Authority in connection with any required changes to the Manufacturing Processes and /or the Specifications; provided, however, that Thera makes no representation and provides no warranty in connection with such efforts.

8.9 Bachem shall not be entitled to subcontract any of its obligations under this Agreement, except with respect to its purchase of the raw materials to manufacture the Active Ingredient and with respect to its subcontracting of certain analytical services.

8.10 Bachem shall follow the instructions of Thera in connection with the packaging, handling, labeling and shipping of the Active Ingredients.

ARTICLE 9
QUALITY AUDITING

9.1 Thera, or any other Person designated by Thera subject to the confidentiality provisions of this Agreement or similar provisions of a confidentiality agreement executed with Bachem, shall be allowed to conduct Audits of Bachem facilities. Thera shall send a request to schedule an Audit with Bachem at least **[Redacted: Term]** prior to the proposed Audit date. Thera, or any Person designated by Thera, shall be permitted to conduct **[Redacted: Amount]** Audit per Calendar Year, unless an Audit discovers a problem or unsatisfactory conditions. In the event an Audit discovers a problem or unsatisfactory conditions, Thera, or any Person designated by Thera, shall be entitled to proceed with as many Audits as it deems necessary upon reasonable prior written notice to Bachem until such problem or unsatisfactory conditions are solved. For the purposes of this Section, "**Audit**" shall mean a Bachem audit involving the audit and inspection of all elements and systems of the manufacturing process of the Active Ingredient and of Bachem's records of the elements and systems of the manufacturing process.

9.2 In addition, with at least **[Redacted: Term]** prior notice, Thera, or any Person designated by Thera subject to the confidentiality provisions of this Agreement or similar provisions of a confidentiality agreement executed with Bachem, shall be permitted to investigate/audit Bachem's facility (ies) and records in the event of any failure of any Lot of Active Ingredient to meet Specifications, any major deviation from Specifications, Active Ingredient failure (s) or any regulatory actions, violations or complaints relevant to this Agreement.

9.3 Thera will issue, or will cause to be issued, to Bachem a confidential audit report summarizing any and all audit observations within two calendar months of the last Audit day. Bachem will issue responses to all observations in writing to Thera

within **[Redacted: Term]** of receipt of the audit report, unless an alternate agreement is reached. Responses that are deemed not acceptable or incomplete or inadequate, and impact Bachem quality systems, will be reviewed with the respective quality management and commercial representatives from both Thera and Bachem for resolution. Any dispute on the responses relating to the quality systems of Bachem that cannot be resolved will be submitted to arbitration pursuant to the terms of Article 17. Until settlement of a dispute, Thera shall be entitled to have Lots of Active Ingredient manufactured by another supplier without being in breach of any provision of this Agreement. In the event the arbitration ruling is entirely in favour of the Bachem position, **[Redacted: Consequences].**

9.4 Bachem shall provide reasonable cooperation to Thera, and any other Person designated by Thera subject to the confidentiality provisions of this Agreement or similar provisions of a confidentiality agreement executed with Bachem, in connection with Audits, investigations, other audits or access pursuant to Section 8.6 and this Article 9.

ARTICLE 10
CONFIDENTIALITY

10.1 The parties hereby agree that any Confidential Information provided to the Recipient by the Disclosing Party hereunder shall remain the exclusive property of the Disclosing Party.

10.2 The Recipient agrees that it will maintain all Confidential Information in strict confidence and that it will not permit the Confidential Information in its possession to be disclosed to any third party or used for any purpose not agreed upon by the parties.

10.3 Notwithstanding the above, Thera or Bachem shall be authorized to disclose information relating to the conclusion of this Agreement and to the details thereof excluding details as to technical or financial information, (i) in press releases or (ii) to future commercial partners for the Active Ingredient. Details as to technical or financial information contained in this Agreement may only be disclosed by a party to a Person with the prior written consent of the other party which shall not be unreasonably withheld.

10.4 The Recipient shall not permit any employee, director, officer, agent, representative or Affiliate to have access to the Confidential Information unless such employee, director, officer, agent, representative or affiliate (a) needs to know the Confidential Information for the purposes of this Agreement, (b) has been informed of the confidential nature of the Confidential Information, and (c) agrees to act in accordance with the terms and conditions set out in this Article.

10.5 The Confidential Information shall not be reproduced in any form without the permission of the Disclosing Party in writing, except as required for the execution of activities agreed upon between the parties.

10.6 In the event that the Recipient is required under Applicable Laws or a legal process to disclose any of the Confidential Information, the Recipient shall provide the Disclosing Party with prompt notice of any such requirement to allow the Disclosing Party to seek an appropriate protective order and/or waive compliance with the provisions of Section 10.2. The parties agree that if the Disclosing Party does not obtain a protective order or does not provide the Recipient with a waiver and the Recipient is, nonetheless, in the written opinion of its outside counsel, compelled to disclose the Confidential information to any competent judicial or Regulatory Authority, or else to be liable for contempt or suffer other penalty, the Recipient may disclose only that portion of the Confidential Information which it is advised by a written opinion of its outside counsel is legally required to such tribunal without liability hereunder; provided, however, that Recipient gives the Disclosing Party advance written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is practical and, at the Disclosing Party's request, seek to obtain assurances that it will be granted confidential treatment. Notwithstanding the foregoing and the terms of Section 10.2 hereof, Thera shall be authorized to file a copy of this Agreement with the securities regulatory authorities having jurisdiction over its business and affairs and on SEDAR pursuant to applicable securities regulation.

10.7 Upon termination of this Agreement, in whole or in part, the Recipient shall, upon request, forthwith return to the Disclosing Party all Confidential Information of the Disclosing Party in the possession of the Recipient and execute a certificate attesting the complete return of the Confidential Information, except with respect to one copy which may be retained on file in a secure location for the purposes of determining obligations related to such Confidential Information.

ARTICLE 11
INSURANCE

Throughout the Term and for a period of **[Redacted: Term]** thereafter, Bachem shall obtain and maintain comprehensive general liability insurance (including broad form general liability, completed operations and products liability, warehousing liability, blanket contractual liability and broad form property damage liability) with limits of not less than **[Redacted: Amount]** combined single limit for bodily injury and property damage liability**[Redacted: Amount]**. With respect to all insurance coverage required under this clause: (i) Bachem shall, promptly upon Thera's request, furnish Thera with certificates of insurance evidencing such insurance; and (ii) all policies shall include provisions for at least **[Redacted: Term]** prior written notice of any material change or cancellation (whether for non-payment or otherwise).

ARTICLE 12
INDEMNIFICATION

12.1 Bachem shall indemnify and hold harmless Thera and its Affiliates, and their respective directors, officers, employees, consultants, agents, customers, successors and assigns from and against all suits, claims, losses, demands, liabilities, damages, costs and expenses (collectively, the **"Liabilities")** in connection with any claim, charge, suit, demand, action, inspection or proceeding of any kind made or brought by any third party (a **"Third Party Claim"),** including any Regulatory Authority and any customer or licensee, to the extent that such Liabilities arise from or relate to: (a) Bachem's failure to follow and execute or to manufacture, handle, test, label, or store the Active Ingredient in accordance with the Master Batch Record, the protocol or the Specifications, (b) the negligence, recklessness or willful misconduct of Bachem, its employees, suppliers or agents, (c) Bachem's failure to manufacture the Active Ingredient in accordance with cGMPs, (d) Bachem's failure to comply with all Applicable Laws, regulatory filings, rules or regulations applicable to its performance under this Agreement, or (e) breach by Bachem or its suppliers or agents of any representation, warranty, covenant or agreement made by Bachem contained in the Agreement.

12.2 Except to the extent that Bachem is obligated to indemnify Thera under Section 12.1 herein, Thera shall indemnify and hold harmless Bachem and its Affiliates, and their respective directors, officers, employees, consultants, agents, successors and assigns from and against all Liabilities in connection with any Third Party Claim to the extent that such Liabilities arise solely from or relate solely to conformance of the Active Ingredient to the Specifications.

12.3 A party that intends to claim indemnification under this Article 12**("Indemnified Party")** shall promptly notify the other party (the **"Indemnifying Party")** of any Liability in respect of which the Indemnified Party intends to claim such indemnification, and the Indemnifying Party shall have the right to participate in, and, to the extent the Indemnifying Party so desires, to assume the defence thereof with counsel selected by the Indemnifying Party; provided, however, that an Indemnified Party shall have the right to retain its own counsel, with the fees and expenses to be paid by the Indemnifying Party, if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between such Indemnified Party and any other party represented by such counsel in such proceedings or if Indemnifying Party fails to act under this Section 12.3 in a reasonably timely manner. The Indemnifying Party **[Redacted: Settlement Conditions].** The Indemnified Party **[Redacted: Settlement Conditions].** The failure to deliver notice to the Indemnifying Party within a reasonable time after the commencement of any such action shall not relieve the Indemnifying Party from any obligation under this Article 12 unless (and then only to the extent that) the Indemnifying Party is prejudiced thereby. The Indemnified Party, its

employees and agents, shall at the Indemnifying Party's expense cooperate fully with the Indemnifying Party and its legal representatives in the investigation of any action, claim or liability covered by this indemnification.

ARTICLE 13
TERM AND TERMINATION

13.1 This Agreement shall be effective as of the date first written above and shall continue in full force and effect until the expiry of US patent No. 5,861,379, as such patent term may be extended by statute or regulation.

13.2 In the event of a breach of any provision of this Agreement, the party that is not in breach of the Agreement (the **"Non-Breaching Party")** shall have the right to terminate this Agreement immediately upon written notice to the party being in breach (the **"Breaching Party")** of the Agreement if the Breaching Party fails to remedy a breach within **[Redacted: Term]** following receipt of a written notice from the Non-Breaching Party specifying the breach with reasonably sufficient particulars; provided, however, that if Thera is the Breaching Party as a result of the failure to fulfill its Minimum Purchase Obligation in a Calendar Year, Bachem shall not have the right to terminate this Agreement before the expiry of the Calendar Year following the Calendar Year in which the breach occurred if Thera Purchases during such following Calendar Year a quantity of Active Ingredient making up for the shortage in its Minimum Purchase Obligation for the previous Calendar Year.

13.3 Either party may terminate this Agreement on notice to the other party in the event the other party becomes the subject of a petition filed for relief under any bankruptcy or insolvency law, which is not dismissed within **[Redacted: Term]** of its filing; any general arrangement with its creditors; any liquidation, termination or cessation of its business.

13.4 Thera shall have the right to terminate this Agreement upon a **[Redacted: Term]** prior written notice to Bachem in the event of an Acquisition of Control of Thera.

13.5 Thera shall have the right to terminate this Agreement in the event that the FDA does not approve a Finished Product.

13.6 Thera shall have the right to terminate this Agreement in the event that the **[Redacted: Quantity]** Lot Manufacturing Process and the **[Redacted: Quantity]** Lot Manufacturing Process are not validated.

13.7 Termination of this Agreement for any reason shall not extinguish the unpaid obligations of any party that accrued prior to the effective date of termination and the exclusivity provision of Section 7.1. The obligations of both parties with respect to confidentiality shall survive termination for any reason.

ARTICLE 14
FORCE MAJEURE

Each of the parties shall be excused from the performance of its obligations hereunder, in the event that such performance is prevented by force majeure, provided that each of the parties shall use its best efforts to complete such performance by other means. For the purpose of this Agreement, force majeure is defined as follows: **[Redacted: Definition of Force Majeure].**

ARTICLE 15
NOTICES

15.1 Any payment, notice or other written communication, including a purchase order, (a "**Notice**") required or permitted to be made or given hereunder may be made or given by either party by facsimile at the number mentioned below; by first-class mail (postage prepaid) or by air courier to the mailing address set out below or to such other respective facsimile numbers or addresses as either party shall designate to the other party, by Notice, provided that such Notice shall be effective only upon receipt thereof. Notices shall be deemed to have been received: (i) if mailed, seven (7) days after being dispatched by mail, postage prepaid; (ii) if sent by air courier, three (3) days after delivery to the air courier company; or (iii) if sent by facsimile with confirmed transmission, on the day on which such facsimile was sent if such day is a business day for the recipient or on the first business day next following its transmission if the facsimile was sent on a day that is not a business day for the recipient. For the purposes of this Article, in the case of Notices sent to Thera, "**business day**" shall mean every day of a week, other than Saturdays, Sundays and statutory holidays in the Province of Quebec, from 8:30 am to 5:00 pm (Eastern Time); and, in the case of Notices sent to Bachem, "**business day**" shall mean every day of a week, other than Saturdays, Sundays and statutory holidays in the State of California, from 8:30 am to 5:00 pm (Pacific Time).

15.2 Notices sent to either party shall be sent to the following address:

If to Thera:	Theratechnologies Inc. 2310 Alfred-Nobel Blvd. Montréal, Quebec Canada, H4S 2B4 Fax: 514-331-7321 Attention: Vice President, Pharmaceutical Development
If to Bachem:	Bachem Americas Inc. 3132 Kashiwa Street Torrance, California 90505 U.S.A. Fax: 310-539-1570 Attention: President & CEO, Bachem Americas, Inc.

ARTICLE 16
LIMITATIONS OF LIABILITY

Neither party shall be responsible or liable for injuries to or death of any of the other party's employees (or for injuries, damage or loss to their property) while at or traveling to and from the plants, offices or premises of the hosting party, unless due to the negligence or wilful misconduct of such hosting party.

ARTICLE 17
ARBITRATION

Any dispute between the parties arising under this Agreement, including its interpretation, other than a dispute where arbitration is already provided for herein and other than a disagreement on the pricing of a **[Redacted: Amount]** Lot, shall be conclusively settled by the submission of the dispute to arbitration. The rules governing arbitration shall be those set forth under Sections 941 to 941.3 (inclusively) and Sections 944 to 945.8 (inclusively) of the *Code of Civil Procedures* (Québec). The arbitration shall be held in Montreal, Province of Québec, Canada.

ARTICLE 18
FINAL PROVISIONS

18.1 This Agreement shall be binding upon and enure to the benefit of the parties hereto, their successors and permitted assigns.

18.2 This Agreement constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements and understandings in connection therewith. It may not be changed nor modified orally, but only by agreement in writing signed by a duly authorized representative of each of the parties hereto.

18.3 Each of the parties upon the request of the other shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

18.4 Nothing contained herein shall constitute or create a partnership among, or a joint venture by, all or any of the parties.

18.5 Neither failure nor delay by either party to exercise any right or remedy provided in this Agreement or by statute, or law shall operate as a waiver of such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise of any other right or remedy. The rights and remedies set forth in this Agreement are cumulative and enforcement of one right or remedy shall not preclude subsequent enforcement of the same or other rights and remedies provided in this Agreement or at law.

18.6 This Agreement and all rights and obligations hereunder shall not be assigned in whole or in part by either party to any third party without the prior written consent of the other; provided, however, that Thera shall be entitled to assign this Agreement in whole only without the prior written consent of Bachem to a Related Party or in the event of an Acquisition of Control of Thera and provided further that Bachem shall be entitled to assign this Agreement in whole only without the prior written consent of Thera in connection with the acquisition or sale of all or substantially all of the entire company. The party having assigned this Agreement shall be relieved from any obligation hereunder. In the event Thera assigns this Agreement, Thera shall continue to have the right to order from Bachem the manufacture of Active Ingredients pursuant to the prices set forth in Schedule 7.3 and pursuant to the price to be agreed upon for the manufacture of **[Redacted: Amount]** of Active Ingredient.

18.7 The parties hereto have required that the present Agreement and all deeds, documents, or notices relating thereto be drafted in the English language;*les parties aux présentes ont exigé que la présente convention et tout autre contrat, document ou avis afférent ou subordonné aux présentes soient rédigés en langue anglaise.*

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in two counterparts by their duly authorized representatives as of the day and year first set forth above.

THERATECHNOLOGIES INC.

Per: *(signed) Luc Tanguay*
Luc Tanguay
Executive Vice President and Chief Financial Officer

Per: *(signed) Pierre Perazzelli*
Pierre Perazzelli
Vice President, Pharmaceutical Development

BACHEM AMERICAS INC.

Per: *(signed) Philip Ottiger*
Philip Ottiger
President & Chief Executive Officer,
Bachem Americas, Inc.

BACHEM, INC.

Per: *(signed) Alex Fässler*
Alex Fässler
President & Chief Operating Officer,
Bachem, Inc.

SCHEDULE 1.38

QUALITY AGREEMENT

[Redacted]

SCHEDULE 1.1.43A

SPECIFICATIONS — ACTIVE INGREDIENT — [REDACTED: AMOUNT] LOT

[Redacted: Specifications]

SCHEDULE 1.1.43B

SPECIFICATIONS — ACTIVE INGREDIENT — [REDACTED: QUANTITY] LOT

[Redacted: Specifications]

SCHEDULE 2.1

OBLIGATIONS UNDER THE CDMA

[Redacted: Obligations]

SCHEDULE 4.2

WORK PLAN

[Redacted: Work Plan]

SCHEDULE 7.3

PRICE FOR [REDACTED:QUANTITY] LOTS

[Redacted: Prices]

Exhibit 99.91

MANUFACTURE AND SUPPLY AGREEMENT

BETWEEN

DRAXIS PHARMA GENERAL PARTNERSHIP
By way of its managing partner,
DRAXIS SPECIALTY
PHARMACEUTICALS INC.

AND

THERATECHNOLOGIES INC.

AS OF DECEMBER 23, 2009

CONFIDENTIAL

TABLE OF CONTENTS

MANUFACTURE AND SUPPLY AGREEMENT

THIS AGREEMENT is effective from the 23rd day of December, 2009 (the "**Effective Date** ")

B E T W E E N: **THERATECHNOLOGIES INC.,** a corporation incorporated under the laws of the Province of Québec, having its head office at 2310 Alfred-Nobel, Montreal , Québec , H4S 2B4;

("Purchaser ")

AND: **DRAXIS PHARMA GENERAL PARTNERSHIP, by way of its managing partner , DRAXIS Specialty Pharmaceuticals Inc.,** a partnership constituted under the laws of the Province of Ontario, having its principal office at 16751 Trans-Canada Highway, Kirkland, Québec, H9H 4J4;

("Supplier")

WHEREAS Purchaser desires to have Supplier manufacture and supply certain lyophilized products;

AND WHEREAS Supplier desires to manufacture and supply Purchaser with certain lyophilized products;

AND WHEREAS the Parties are willing to carry out the foregoing pursuant to the terms and conditions set forth in this Agreement.

NOW , THEREFORE , in consideration of the mutual covenants and agreements in this Agreement, Purchaser and Supplier agree with each other as follows:

ARTICLE I — INTERPRETATION

1.1 **Defined Terms**.

As used in this Agreement and in the Quality Agreement (as defined below), the following terms have the following meanings unless the context clearly requires otherwise:

"**Accepted Purchase Order(s)**" means a Purchase Order issued to order a Batch of a Product in the Firm Zone, a Purchase Order accepted by Supplier or a Purchase Order deemed to be accepted by Supplier under the terms of Section 4.3(c) of this Agreement.

"**Active Pharmaceutical Ingredient**" means the Product Active Pharmaceutical Ingredient tesamorelin supplied by Purchaser to Supplier for the Manufacturing of the Products.

"**Additional Costs**" means the fees that are not described in this Agreement payable for additional services performed by Supplier for Purchaser at Purchaser's request in accordance with the provisions of the Proposal. For greater certainty, such fees are payable by Purchaser in addition to the Prices and the Inventory Carrying Fees with Purchaser's prior written approval.

"**Affiliate**" has the meaning ascribed thereto in the *Canada Business Corporations Act*.

"**Agreement**" means this Manufacture and Supply Agreement and all schedules and instruments supplemental to or amending thereto.

"**Annual Forecast(s)**" has the meaning ascribed thereto in Section 4.1(a) of this Agreement.

"**Annual Minimum Purchase**" has the meaning ascribed thereto in Section 3.2(b) of this Agreement.

"**APR**" has the meaning ascribed thereto in Section 19 of the Quality Agreement.

"**Batch**" means a production batch of Products as specified under Batch size and lyophilization cycle in Schedule "C" attached hereto.

"**Business Day**" or "**Business Days**" means any day other than a Saturday, Sunday or a non–judicial day recognized under Québec's *Code of Civil Procedure*.

"**Calendar Year(s)**" means January 1 to December 31 of any given year or years, as the case may be.

"**CDA**" means the Confidential Disclosure Agreement entered into between Supplier and Purchaser on February 14, 1999, a copy of which is attached hereto as Schedule "D", as modified by Section 12.4 of this Agreement.

"**Certificate of Analysis**" means a document listing the results of testing a representative sample drawn from a Batch to be delivered.

"**CFR**" means the U.S. Code of Federal Regulations.

"**Commercial Sale**" means the sale of a Product by Purchaser to consumers or the sale of a Product by Purchaser to distributors, wholesalers or licensing partners or to any third party for resale by any of them to consumers.

[Redacted: Price Increase Calculation].

"**Current Good Manufacturing Practices**" or "**cGMP**" means, as applicable in accordance with the Territory in which the Products will be distributed in, the practices set out in the guidelines (i)published as the Good Manufacturing Practices for Drug Manufacturers and Importers by the HPFBI, as amended from time to time, (ii)for the manufacture of pharmaceutical products and the Current Good Manufacturing Practices as defined in United States 21 CFR 210, et seq., as amended from time to time, and (iii)the EEC Guide to Good Manufacturing Practices for Medical Products, as amended from time to time.

"**Delivery**" means that a Product has been released pursuant to Section 6.3 of this Agreement.

"**Designated Suppliers**" has the meaning ascribed thereto in Section 6.2 of the Quality Agreement and are listed in Schedule "F" attached hereto, as amended from time to time by mutual agreement of the Parties.

"**Designated Suppliers' Audit**" has the meaning ascribed thereto in Section 6.2 of the Quality Agreement.

" [Redacted: Name] " means the commercial name for a drug to be Commercially Sold in the Territory made with tesamorelin and used for the treatment of lipodystrophy in HIV-infected patients or any other commercial name under which this drug will be Commercially Sold.

"**Facility**" means those sections of Supplier's facility located at 16751 Trans-Canada Highway, Kirkland, Québec, Canada used in the Manufacturing of the Products hereunder and, subject to Purchaser's prior written approval, such other facilities used by Supplier in the Manufacturing of Products hereunder.

"**Failure to Supply**" means **[Redacted: Definition]**.

"**FDA**" means the United States Food and Drug Administration, or any successor to it.

"**Firm Zone**" has the meaning ascribed thereto in Section 4.2(a) of this Agreement.

"**Force Majeure**" has the meaning ascribed thereto in Section 12.2(a) of this Agreement.

"**Governmental Authority**" or "**Regulatory Authority**" means any court, tribunal, arbitrator, agency, commission, official or other instrumentality of Canada, any relevant foreign country or territory, or any domestic or foreign state, province, country, city or other political subdivision thereof.

"**HPFBI**" means the Health Products and Food Branch Inspectorate of Health Canada, or any successor to it.

"Incoterms 2000" means the International Commercial Terms published by the International Chamber of Commerce, as amended from time to time, codifying the contractual rules for the interpretation of standardized commercial terms for transactions. Incoterms 2000 shall be deemed to have been incorporated by reference in this Agreement except in so far as they may conflict with any other provision of this Agreement, in which case the Agreement provision shall prevail.

"**Indemnitees**" means either Party, as the case may be, and that Party's directors, officers, employees, agents and representatives.

"**Initial Term**" has the meaning ascribed thereto in Section 11.1(a) of this Agreement.

"**Intellectual Property**" means all (i) trademarks, service marks, trade name, trade dress and logos and any applications for registrations, registrations and renewal thereof; (ii) patent, patent rights, industrial and other designs, including any and all applications, divisions, continuation-in-part, extensions, validations, re-examinations or reissues; (iii) copyright, any original work or authorship fixed in any tangible medium of expression, including literary works, all forms and types of computer software, all source code, object code, firmware, development tools, files, records and data, and all documentation related to any of the foregoing, all musical, dramatic, pictorial, graphic and artistic works; (iv) trade secrets, technology, discoveries and improvements, know-how, proprietary rights, formulae, technical information, techniques, inventions, designs, drawings, procedures, processes, models, manufacturing, manuals and systems, whether or not patentable or copyrightable, including all biological, chemical, biochemical, toxicological, pharmacological and metabolic material and information and data relating thereto, clinical, analytical and stability information and data which have actual or potential commercial value and are not available in the public domain; and (v) all other intellectual property or proprietary rights, in each case whether or not subject to statutory registration or protection, in Canada or in the Territory.

"**Inventory Carrying Fee(s)**" has the meaning ascribed thereto in Section 4.2(e) of this Agreement.

"**Law(s)**" means any law, statute, rule, regulation, guideline (including Current Good Manufacturing Practices), ordinance or other pronouncement of any Governmental Authority having the effect of law in Canada and in the United States.

"**Licences**" means the licences, permits, certificates, authorizations or approvals issued to Supplier by the relevant Governmental Authority in respect of its site of manufacture of the Products.

"**Long Lead Time Materials**" has the meaning ascribed thereto in Section 4.2(d) of this Agreement.

"**Losses**" mean **[Redacted: Definition]**.

"**Manufacture**" or **"Manufactured"** means to effect the operation required in the manufacture, processing, filling, testing, packaging, labelling or storage, as the case may be, of the Products by Supplier.

"**Manufacturing**" means any operation required in the manufacture, processing, filling, testing, packaging, labelling or storage, as the case may be, of the Products by Supplier.

"**Manufacturing Records**" has the meaning ascribed thereto in Section 6.6 of this Agreement.

"**Material Zone**" has the meaning ascribed thereto in Section 4.2(b) of this Agreement.

"**Materially Adversely Affect Supplier's Business**" means a consequence or series of consequences that have a meaningful negative impact on Supplier's business in any given year, as determined by Supplier, in its sole discretion, acting reasonably.

"**Materials**" mean all materials and ingredients, including the Active Pharmaceutical Ingredient(s), used in the Manufacturing of Products by Supplier, including raw materials and packaging, shipping or labelling materials.

"**New Drug Application**" means a New Drug Application filed pursuant to the requirements of the FDA, as more fully defined in 21 C.F.R.§ 314.3 et seq., as the same may be amended from time to time, a Biologics License Application filed pursuant to the requirements of the FDA, and any equivalent application filed in the Territory, together, in each case, with all additions, deletions or supplements thereto.

"**Ongoing Forecast**" has the meaning ascribed thereto in Section 4.1(c) of this Agreement.

"**Open Zone**" has the meaning ascribed thereto in Section 4.2(c) of this Agreement.

"**Party**" means either Purchaser or Supplier, individually; "**Parties**" means Purchaser and Supplier, collectively.

"**Person**" means any natural person, entity, corporation, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

"**Preferred Basis**" shall mean the exclusive right to Manufacture Batches of Product for Commercial Sale during the Term in the following percentage:

- **[Redacted: Percentage]** until **[Redacted: Date]**;
- **[Redacted: Percentage]** for each Calendar Year of the Term thereafter.

"Prices" or **"Price"** means the total aggregate cost of each Product as set out in Schedule "C" for Calendar Year 2009 and as adjusted in subsequent years of the Term in accordance with the provisions of Section 3.1 of this Agreement.

"**Proceeding**" means applicable Third Party action, claim, suit, proceeding, arbitration or Governmental Authority action, notification, investigation or audit all in writing format.

"**Product(s)**" means "**[Redacted: Name]**" or any other product(s) as may mutually be agreed in writing between the Parties in accordance with Section 2.8 of this Agreement.

"**Product Amendment**" has the meaning ascribed thereto in Section 2.8 of this Agreement.

"**Product Developments**" has the meaning ascribed thereto in Section 9.1(c) of this Agreement.

"**Proposals**" means those proposals made by Supplier on (i) February 9, 2006 and accepted by Purchaser on February 14, 2006, (ii) October 23, 2008 and accepted by Purchaser on October 27, 2008, (iii) January 18, 2005 and accepted by Purchaser on January 20, 2005, a copy of which are attached hereto as Schedule "E".

"**Purchase Order(s)**" has the meaning ascribed thereto in Section 4.3(a) of this Agreement.

"**Purchaser Intellectual Property** " means any and all Intellectual Property relating to the Products or their Manufacturing by Supplier that was (i) owned by Purchaser at the Effective Date or (ii) developed or acquired by Purchaser after the Effective Date provided that such Intellectual Property does not utilize nor is based on any Supplier Intellectual Property. "Purchaser Intellectual Property" excludes Product Developments.

"Quality Agreement" means the agreement which sets out the details of the allocation of tasks between the Parties as related to the Manufacturing of the Product, including responsibilities for quality assurance and control of Materials, packaging components, bulk Product and finished Product, a copy of which is attached hereto as Schedule "B".

"**Quality Event**" has the meaning ascribed thereto in Section 1.3 of the Quality Agreement.

"**Rejected Batch**" has the meaning ascribed thereto in Section 5.2(b) of this Agreement.

"**Rejection Notice**" has the meaning ascribed thereto in Section 5.2(b) of this Agreement.

"**Renewal Terms**" has the meaning ascribed thereto in Section 11.1(b) of this Agreement.

"**Replacement Batch**" has the meaning ascribed thereto in Section 5.2(e)(i)B of this Agreement.

"**Specifications**" means, with respect to a Product, all specifications for Materials, Manufacturing procedures, sampling plans for a Product as well as the procedures, requirements (regulatory or otherwise), standards and other items necessary to Manufacture a Product, as approved by the Parties and attached hereto as Schedule "A".

"**Supplier Intellectual Property**" means (i)all Intellectual Property owned by Supplier at the Effective Date; (ii)all Intellectual Property developed or acquired by Supplier after the Effective Date independent of the performance of its obligations under this Agreement, provided that such Intellectual Property does not utilize nor is based on any Purchaser Intellectual Property or Product Developments; or (iii)all Intellectual Property conceived, reduced to practice, authored or otherwise generated or developed in the performance of its obligations under this Agreement, provided that such Intellectual Property has general applicability to the manufacture of pharmaceutical products other than the Products.

"**Term**" means, collectively, the Initial Term and any Renewal Term, as the case may be.

"**Territory**" means the United States of America and its territories, including Puerto Rico and the District of Columbia.

"**Third Party**" or " **Third Parties**" means any Person other than Purchaser and Supplier.

"**Updated Annual Forecast(s)**" has the meaning ascribed thereto in Section 4.1(a) of this Agreement.

1.2 **Incorporation of Schedules**.

The terms of the Schedules attached or referred to herein are an integral part of this Agreement. The following Schedules are attached hereto:

- Schedule "A" — Product Specifications
- Schedule "B" — Quality Agreement
- Schedule "C" — Prices
- Schedule "D" — Confidential Disclosure Agreement
- Schedule "E" — Proposal
- Schedule "F" — Designated Suppliers
- Schedule "G" — Ownership of Machinery and Equipment by Purchaser
- Schedule "H" — Form of Certificate of Manufacture
- Schedule "I" — Quarantine Shipment Authorization

1.3 **Currency**.

Except as otherwise expressly stated, all dollar amounts referred to in this Agreement are in Canadian dollars.

1.4 **General**.

Article headings in this Agreement are for convenience only and shall not be used in interpreting this Agreement. The Agreement shall be read with such changes in gender or number as the context requires. The definitions in Article 1 shall apply equally to both the singular and plural forms of the terms defined. The words "include", "includes" and

"including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, paragraphs, clauses and Schedules shall be deemed references to Articles, Sections, paragraphs and clauses of this Agreement and Schedules to this Agreement unless the context shall otherwise require.

ARTICLE II — MANUFACTURING

2.1 **Agreement to Manufacture Products**.

For the Term of this Agreement, Supplier agrees to Manufacture the Products identified in Schedule "A" on a Preferred Basis for Purchaser in the Facility and to supply exclusively the Product to Purchaser in accordance with the terms set out in this Agreement and Purchaser agrees to purchase the Products identified in Schedule "A" from Supplier on a Preferred Basis in accordance with the terms of this Agreement. Notwithstanding the foregoing, Supplier acknowledges that Purchaser will be entitled to have Manufactured **[Redacted: Number of Batches of Product].**

2.2 **Conformance with Specifications**.

Supplier shall Manufacture the Products and use Materials in compliance with the Specifications. Purchaser shall have the right to request in writing changes to any of the Specifications. Supplier shall have the right to suggest changes to any of the Specifications to Purchaser in writing. Supplier shall not implement any change to the Specifications before both Parties have agreed to such changes in writing.

2.3 **Conformance with cGMP and Applicable Laws**.

Supplier shall Manufacture the Products in accordance with applicable Good Manufacturing Practices and applicable Laws. Each Party shall promptly notify the other of knowledge of any new instructions, specifications, guidelines, Laws or regulations required in order to comply with Good Manufacturing Practices and applicable Laws and shall cooperate in agreeing on the best means to comply with any new requirements.

2.4 **Supply of Active Pharmaceutical Ingredients**

Purchaser shall, at no cost to Supplier, provide to Supplier adequate quantities of Active Pharmaceutical Ingredients to Manufacture the number of Batches of Product set out in each Purchase Order at least **[Redacted: Term]** prior to the requested Delivery date mentioned in each Purchase Order. Supplier will be responsible for the proper storage of the Active Pharmaceutical Ingredients while in its possession provided that Purchaser shall provide Supplier with adequate written temperature excursions for the storage of the Active Pharmaceutical Ingredient. The storage of the Active Pharmaceutical Ingredient by Supplier shall comply with cGMP and the specifications for the Active Pharmaceutical Ingredient.

2.5 **Supply of Materials**.

Supplier shall supply all Materials for the Manufacture of the Product. Purchaser shall supply the Active Pharmaceutical Ingredients necessary for the Manufacturing of the Products as indicated in the Specifications and the cartons and trays at no cost to Supplier.

2.6 **Third Party Suppliers**.

Third Party suppliers of Materials must be agreed upon between the Parties, including any changes thereto during the Term of this Agreement.

2.7 **Costs and Expenses**.

In addition to any other costs and expenses to be charged to the Purchaser in accordance with the terms of this Agreement, all expenses associated with the development of the artwork, including but not limited to expenses associated with the development and purchase of plates, cartons, labels and inserts, will be billed to Purchaser separately **[Redacted: Basis]** and payable by Purchaser in accordance with Section 3.4 of this Agreement. Copies of invoices from suppliers in support of Supplier's invoice for such work will be provided to Purchaser upon request.

2.8 **Addition of Products**.

The Parties may add a product to this Agreement from time to time by entering into an amendment to this Agreement (each a "**Product Amendment**"). Each Product Amendment shall form a part of this Agreement and shall contain a description of the Product to be Manufactured pursuant to the terms of that Product Amendment and of this Agreement, the Specifications for such Product, the price payable by Purchaser to Supplier for the Product, territory(ies) in which Purchaser proposes to distribute same and any additional provisions relating to such Product as the Parties shall agree to. For greater certainty, the Supplier shall have no obligation to add a Product to the Agreement. Supplier shall have the sole discretion as to whether or not it agrees to add a Product to this Agreement.

ARTICLE III— CONSIDERATION

3.1 **Price of Products and Adjustment**.

Price of Products. The price of the Products for the Calendar Year 2009 shall be as set out in Schedule "C" (the "**Price**") and is dependent on the annual volume of Product purchased by Purchaser. The Price payable for the Products shall be the Price in force at the time of delivery of the Products. On **[Redacted: Term]** of each subsequent year of the Term, the Price shall be subject to a once annual increase. The increase will be **[Redacted: Price Increase Calculation]**.Supplier will provide Purchaser with a written notice no later than **[Redacted: Term]** of each Calendar Year of the Term setting forth the Price for the Products for the following Calendar Year. Supplier will provide

Purchaser **[Redacted: Description of Documents]** upon written request from Purchaser. The Price shall also be payable for all samples of Products required to be maintained by Supplier under the terms of this Agreement or any applicable Law as well as any additional samples which the Purchaser requires, as the case may be, in addition to shipping and handling costs.

3.2 **Annual Minimum Purchases**.

(a) **Calendar Year 2010**. For the Calendar Year 2010, Purchaser shall purchase from Supplier a minimum volume of Product equal to **[Redacted: Calculation of Minimum Volume]**.

(b) **After Approval of the Product**. In the Calendar Year in which the FDA approves the Product for Commercial Sale in the Territory and for each Calendar Year thereafter during the Term, Purchaser shall purchase from Supplier a minimum volume of Product equal to **[Redacted: Calculation of Minimum Volume]** ("**Annual Minimum Purchase**"). Subject to Section 4.3(a), if Purchaser fails to purchase the Annual Minimum Purchase from Supplier in the Calendar Year in which the FDA approves the Product for Commercial Sale in the Territory and in any Calendar Year of the Term thereafter, Purchaser shall pay to Supplier within **[Redacted: Term]** a penalty payment equal to **[Redacted: Penalty]**. The penalty payment shall not be reduced in any way if the Failure to Supply is caused by Purchaser, including, among others, delays in delivery by Purchaser of any Materials to be provided by Purchaser or by Designated Suppliers or services or approval or changes requested by Purchaser to be provided pursuant to this Agreement.

(c) **Materials**. Beginning in the Calendar Year 2010 and in each Calendar Year of the Term thereafter, Purchaser shall be responsible for the cost of obsolete or unused Materials reasonably procured by Supplier for the purpose of meeting Purchaser's demand pursuant to the forecasts received by Supplier hereunder notwithstanding that Purchaser has no Annual Minimum Purchase obligation hereunder.

3.3 **Batch Size**.

Batch size shall be based on the manufacturing Batch size as agreed by the Parties in Schedule "C" and as set forth in the Quality Agreement. Batch size may be increased if mutually agreed to between the Parties in writing.

3.4 **Payment**.

(a) **Payment Terms**. Purchaser shall pay Supplier for all Products Manufactured under the terms of this Agreement within **[Redacted: Term]** of invoice date. Supplier shall issue invoices in respect of the Product upon Delivery of the Product pursuant to Section 6.3 hereof unless the Product is shipped under quarantine as per Schedule "H" hereto. An interest at the rate of **[Redacted: Percentage]** per month ([**Redacted: Percentage]** per annum) shall be payable on all overdue accounts.

(b) **Advance Payment**. If Purchaser does not pay Supplier within **[Redacted: Term]** period set forth in Section 3.4(a), Supplier shall have the right, in addition to any other rights it may have under this Agreement or pursuant to Law, **[Redacted: Description of Rights]**.

(c) **Outstanding Invoices Limit**. The Parties agree that the value of the outstanding invoices issued by Supplier to Purchaser shall not exceed at any given time **[Redacted: Amount]. [Redacted: Description of the Limit Establishment].**

3.5 **Taxes.**

In addition to the amounts paid by Purchaser pursuant to Section 3.1, Purchaser shall pay to Supplier all applicable use, consumption, sales or excise taxes of any taxing authority. The amount of such taxes are not included in the Price and will be added to the Price in effect at the time of Delivery thereof (unless shipped pursuant to Schedule "H" hereto) and will be reflected in the invoices submitted to Purchaser by Supplier pursuant to Section 3.4 hereof. Purchaser shall pay the amount of such taxes to Supplier in accordance with the payment provisions set forth in Section 3.4 hereof.

3.6 **Capital Expenditures.**

Any good constituting capital expenditures to Purchaser that Purchaser requests in writing Supplier to purchase in order to Manufacture the Products will be payable by Purchaser upon the terms and conditions agreed upon between the Parties and are not included in the Price.

3.7 **Additional Costs.**

The fees payable for additional services which may be performed by Supplier for Purchaser in accordance with the provisions of this Agreement or the Proposals, as applicable, including without limitation test method transfer, cleaning validation, manufacturing documentation, engineering batches, demonstration/validation batches, process validation (sterilization and depyrogeneration), analytical method validation, sterile filter validation, broth trial media fill, project management, stability studies, site registration support and transfer, regulatory affairs and laboratory support services will be payable by Purchaser within **[Redacted: Term]** of the invoice date and are not included in the Price.

3.8 **Cost of Changes.**

(a) **Changes Requested by Purchaser**. In the event that Purchaser desires any change to Materials or components of the Products, process and other Specifications and/or controls, as well as the Manufacturing and/or packaging of Products, Purchaser will notify Supplier in writing of any such proposed change. Supplier shall have **[Redacted: Term]** to respond in writing to the proposed changes and provide Purchaser with an estimate of the costs associated with the implementation of such changes. Purchaser shall provide its written authorization of any change control within **[Redacted: Term]** of the date of such response. Supplier reserves the right to cancel any change

control opened and not authorized by Purchaser after such **[Redacted: Term]** period and to charge Purchaser a cancellation fee of **[Redacted: Amount]** per change request if such change control was requested by Purchaser. **[Redacted: Redacted: Description of Costs]**

(b) **Changes to Comply with cGMP or Law.** Purchaser shall be responsible for all costs and expenses, associated with changes required in the Manufacturing formula and Specifications of the Products in order to comply with changes to cGMP or applicable Laws occurring after the date of this Agreement and not associated with the manufacture of products generally:

(i) Should the costs and expenses that would be payable by Purchaser pursuant to the foregoing in order to comply with any such changes within the delay prescribed in the cGMP or applicable Law exceed **[Redacted: Percentage]** to be Manufactured by Supplier based on the last Ongoing Forecast provided to Supplier under Section 4.1 hereof at the time the changes occurred, Purchaser shall have the right to terminate this Agreement by giving Supplier a prior written notice within the delay prescribed in the cGMP or applicable Law to comply with such changes, pursuant to Section 11.2(e) of this Agreement.

(ii) Supplier shall have the right to terminate this Agreement by giving Purchaser prior written notice within the delay prescribed in the cGMP or applicable Law to comply with such changes, should the cost and expenses that would be payable by Supplier pursuant to the foregoing exceed **[Redacted: Costs and Expenses]**.

ARTICLE IV — PRODUCT SUPPLY

4.1 **Forecasts.**

(a) **Annual Forecasts.** By no later than **[Redacted: Term]** after acceptance by the FDA of the New Drug Application for the Product, Purchaser shall provide Supplier with a confirmed written **[Redacted: Term]** forecast of its anticipated Product Manufacturing requirements to be Manufactured in accordance with this Agreement for the upcoming Calendar Year ("**Annual Forecast**"). Within **[Redacted: Term]** after the FDA has approved the Product for Commercial Sale in the Territory, Purchaser shall provide Supplier with an updated Annual Forecast ("**Updated Annual Forecast**"). Thereafter, by **[Redacted: Date]** of each Calendar Year of the Term, Purchaser shall provide Supplier with a revised Updated Annual Forecast. Purchaser shall provide Supplier with a written confirmation of such Annual Forecast and Updated Annual Forecasts by an authorized commercial representative of Purchaser. Subject to Section 3.2(a) hereof, the Annual Forecast shall not be binding on Purchaser. For greater certainty, Purchaser's Annual Forecast, Updated Annual Forecast and each revised Updated Annual Forecast sent to Supplier shall be presented on a Preferred Basis proportion.

(b) **[Redacted: Manufacturing Obligations].**

(c) **Ongoing Forecasts.** In addition to the Annual Forecasts, the Updated Annual Forecasts and the revised Updated Annual Forecasts, at the latest on **[Redacted: Term]** Purchaser shall provide Supplier with a copy of its forecast of its anticipated Product Manufacturing requirements for **[Redacted: Term]** (the **"Ongoing Forecast").** Each Ongoing Forecast shall provide Delivery dates for each Firm Zone (as defined in Section 4.2(a)), in addition to quantity and purchase order specifics for the Firm Zone, the Material Zone and the Open Zone. In the event that an Ongoing Forecast is not delivered on **[Redacted: Term]** in accordance with this provision, **[Redacted: Term] [Redacted: Manufacturing Obligations].**

4.2 **Order Procedures.**

(a) **Firm Zone.** After the approval of the Product by the FDA for its Commercial Sale in the Territory, product quantities forecasted for **[Redacted: Term]** of each revised Updated Annual Forecast and each Ongoing Forecast **("Firm Zone")** are deemed to be binding orders and as such Purchaser and Supplier are committed to same. Product quantities forecasted in the Updated Annual Forecast are deemed to be binding orders from **[Redacted: Term].** For example, **[Redacted: Term].** The Parties shall use reasonable best efforts to negotiate any change in the Delivery date of any binding order; provided, however, that:

(i) if Purchaser reduces its requirements for Products to be Manufactured in the Firm Zone of an Ongoing Forecast, Purchaser shall **[Redacted: Obligations];** and

(ii) if Supplier agrees to Manufacture additional quantities of the Products in the Firm Zone of an Ongoing Forecast, Purchaser, in addition to the Price, shall reimburse Supplier for any incremental costs incurred by Supplier in this regard. Supplier shall submit such incremental costs to Purchaser prior to the Manufacture of such additional quantities of Products.

(b) **Material Zone.** Excluding the Firm Zone, Product quantities forecasted for the **[Redacted: Term]** following the Firm Zone of the Updated Annual Forecast, the revised Updated Annual Forecast and any Ongoing Forecast ("**Material Zone**") are **[Redacted: Obligations].** Changes of timing for Delivery of Products within the Material Zone may be made to respond to changing customer demand; provided, however, that if any order made by Purchaser for Products to be Delivered during the Material Zone of the Updated Annual Forecast, the revised Updated Annual Forecast or any Ongoing Forecast is cancelled, deferred or reduced, so as to result in a lesser quantity of Products ordered by Purchaser than indicated in the corresponding month of such Material Zone, Purchaser shall be **[Redacted: Obligations].** For greater clarity, **[Redacted: Obligations].**

(c) **Open Zone.** Product quantities forecasted for the **[Redacted: Term]** following the Material Zone of the Updated Annual Forecast, the revised Updated Annual Forecast and any Ongoing Forecast ("**Open Zone**") are **[Redacted: Obligations]** . The Parties

acknowledge and agree that the requirements specified in the Open Zone of the Updated Annual Forecast, the revised Updated Annual Forecast and any Ongoing Forecast are for the purposes of Supplier's internal scheduling and planning only and Purchaser shall not be responsible for any costs of Materials procured or other expenses incurred by Supplier for the purpose of meeting the requirements specified in the Open Zone, unless related to Long Lead Time Materials as referenced in Section 4.2(d) or agreed to by both Parties.

(d) **Long Lead Time Materials.** Any inventory of Materials held by Supplier beyond requirements necessary for the supply of the Products required under the Firm Zone and the Material Zone or any safety stock pre-approved by Purchaser ("**Long Lead Time Materials**") is the responsibility of Supplier. However, if the Parties agree on the purchase or entering into of commitments to purchase any Long Lead Time Materials based on the Ongoing Forecast for **[Redacted: Term]** and (i) those Long Lead Time Materials cannot be used by Supplier for Products or for other Supplier business within **[Redacted: Term]** for which those Long Lead Time Materials were purchased, or (ii) if this Agreement is terminated or expires, whichever occurs first, Purchaser shall pay Supplier for those Long Lead Time Materials, provided that Supplier shall make commercially reasonable efforts to minimize its quantities of unusable Long Lead Time Materials.

(e) **Inventory Carrying Fees.** If Supplier is required to store at the Facility Materials supplied to it by Purchaser for a period longer than the **[Redacted: Term]** or store Products for a period longer than **[Redacted: Term]** after the Product has passed release Specification criteria, then Purchaser shall pay to Supplier a reasonable and customary inventory carrying fee, such fee being in addition to the Price ("**Inventory Carrying Fee**"). Said Inventory Carrying Fee is estimated at **[Redacted: Amount]** for Calendar Year 2009 and will be determined at the time of storage based on market conditions. The Inventory Carrying Fee may be increased by Supplier on a yearly basis by giving a **[Redacted: Term]** prior written notice to Purchaser. The increase, if any, **[Redacted: Price Increase Calculation].** Notwithstanding anything to the contrary set forth herein, Supplier reserves the right to refuse such warehousing request if it does not have the necessary additional warehousing capacity.

(f) **Graphic Changes.** If there is to be changes to any artwork for any Product, at least **[Redacted: Term]** prior to the intended first Delivery date of such Product with such changed artwork, Purchaser shall provide to Supplier, at no cost, digital artwork in a format acceptable to Supplier and in compliance with the packaging specifications for such Product.

(g) **Safety Stock.** Supplier will carry the necessary safety stock of Materials to support the Firm Zone and Material Zone lead times and to ensure timely Delivery of orders of Products. Any safety stock of Long Lead Time Materials must be approved in writing by Purchaser pursuant to Section 4.2(d) hereof and is subject to payment by Purchaser of a storage fee to be mutually agreed upon between the Parties. Supplier shall have the right to build and carry a **[Redacted: Term]** inventory of Products at the Facility if each of the following conditions are met: **[Redacted: Description of Conditions].** Notwithstanding the foregoing, Supplier will be responsible for **[Redacted:**

Costs] [Redacted: Obligation of Supplier] if Supplier provides Purchaser on the "requested delivery date" with a Product that does not**[Redacted: List of Conditions].** For the purposes of this paragraph 4.2(g) only, the expression "requested delivery date" shall be the date requested by Purchaser for the Product to be made available for shipment. Title and risk to the Product shall pass to Purchaser on such "requested delivery date".

4.3 **Purchase Orders.**

(a) **General.** Purchaser shall deliver to Supplier purchase orders (each a '**Purchase Order**") for the aggregate quantity of Batches of Product in each Firm Zone. Each Purchase Order shall specify the number of Batches of Product ordered, the Price, the requested Delivery date, the shipping destination of the Batches of Product and Purchaser's instructions for such shipping, in accordance with the provisions of Section 5.1(c) of this Agreement. Purchase Orders shall be delivered at least **[Redacted: Term]** in advance of the requested Delivery date.

(b) **Transmission.** The Purchase Orders may be transmitted electronically or by other means in such location as Supplier shall designate from time to time. Supplier shall promptly acknowledge receipt of each Purchase Order by sending to Purchaser electronic (email and/or fax) written notice of acknowledgement for each Purchase Order within **[Redacted: Term]** after its receipt.

(c) **Rejection and Deemed Acceptance.** Notwithstanding anything in this Agreement to the contrary, Supplier shall be bound by Purchase Orders delivered to Supplier for Product quantities forecasted within the Firm Zone or which are deemed to be accepted hereunder ("**Accepted Purchase Order**"). However, Supplier reserves the right at its sole discretion to reject without liability the Manufacturing of Product quantities in any Purchase Order that exceed the quantities forecasted in the Firm Zone or for reasons of Force Majeure; provided, however, that failure by Supplier to deliver to Purchaser a written notice objecting to the Manufacture of quantities of Product exceeding the quantities forecasted in the Firm Zone within **[Redacted: Term]** after receipt of the Purchase Order shall constitute Supplier's deemed acceptance of said Purchase Order. If Purchase Orders for Product quantities which exceed the Product quantities forecasted in the Firm Zone are rejected by Supplier, the excess Product quantities shall not be included in the calculation of the Annual Minimum Purchase set forth in Section 3.2.

(d) **Failure to Supply.**

(i) In the event that Supplier is not, or anticipates that it will not be, able to fulfill the terms of an Accepted Purchase Order, Supplier shall promptly notify Purchaser of that fact and Supplier shall **[Redacted: Obligation of Supplier]** to minimize the damage to Purchaser caused by Supplier's inability to comply with the terms of an Accepted Purchase Order.

(ii) **[Redacted: Purchaser's Rights].**

(e) **Accommodations.** From time to time, due to significant unforeseen circumstances, Purchaser may deliver to Supplier a Purchase Order for Product volumes in excess of those specified in any Firm Zone. Supplier shall work with Purchaser on a reasonable commercial basis to assist with delivery of such volume excesses; provided, however, that:

(i) Supplier shall not be obliged to use commercially reasonable efforts to deliver excess volumes of Product exceeding **[Redacted: Percentage]** of the Product volumes specified in the Firm Zone for Calendar Year 2009 and until **[Redacted: Term]** from the approval of a Product by the FDA for Commercial Sale in the Territory and, thereafter, **[Redacted: Percentage]** of the Product volumes specified in the Firm Zone; and

(ii) **[Redacted: Supplier's Rights].**

4.4 **Standard Forms.**

In ordering and delivering the Products pursuant hereto, Supplier and Purchaser may employ their standard forms, but nothing in those forms shall be construed to modify, amend or supplement the terms of this Agreement and, in the case of any conflict between those forms and this Agreement, the terms of this Agreement shall prevail.

ARTICLE V — DELIVERY, TITLE AND ACCEPTANCE

5.1 **Product Storage and Shipment.**

(a) **Storage Conditions.** The Materials and Products manufactured by Supplier are to be stored and transported in accordance with the conditions agreed between Purchaser and Supplier and in accordance with the Specifications and applicable Laws.

(b) **Transfer of Title.** Title to and risk for the Products Manufactured by Supplier under this Agreement shall pass to Purchaser **[Redacted: Condition to Transfer of Risk].** Except if caused by Supplier's own fault or negligence, Supplier shall not be liable to Purchaser for the costs of loss of any kind arising out of or in relation to damage to or loss of a Product, however caused, which occurs after title to and risk for a Product passes to Purchaser, nor shall any liability of Purchaser to Supplier under this Agreement be diminished or extinguished by reason of such loss or damage. For greater certainty, Purchaser shall be liable for all costs and risks of loss **[Redacted: Condition to Transfer of Risk].**

(c) **Shipment of Products.** Shipment of a Product from Supplier's Facility to Purchaser or Purchaser's designee shall be made **[Redacted: Delivery Terms]** Shipment of a Product shall be made at Purchaser's sole cost and expenses and Purchaser shall be liable for any and all transportation charges, including without limitation freight, duties and taxes levied in connection with the shipment of the Products. Supplier shall arrange for the shipment of the Products in accordance with Purchaser's instructions. Purchaser shall select and retain the carrier and insurance company for shipping of the Products in

accordance with the terms of this Agreement. Purchaser shall provide Supplier with its carrier's name and account number and its insurance company contact information. Supplier will schedule freight pick up with Purchaser's selected carrier and complete the documentation on behalf of Purchaser for each shipment of Product by using Purchaser's account number. All costs and invoices shall be charged by Purchaser's selected carrier directly to Purchaser for all Third Party costs related to same. If Purchaser wishes the shipment of the Products to be on any unique pallets, Purchaser shall, at its own cost and expense, make such pallets available to Supplier.

5.2 **Purchaser Acceptance.**

(a) **Quantitative Defects.** Purchaser shall inform Supplier in writing of any claim relating to quantitative defects in shipments of Batches of Product within **[Redacted: Term]** from the receipt by Purchaser or Purchaser's designee of such Batches of Product and Purchaser shall provide to Supplier copies of any appropriate documents relating to such defects. Supplier shall at its own expense, including, notwithstanding Section 5.1(b) hereof, shipment and insurance expenses, provide Purchaser with any missing quantities of a Product as soon as reasonably possible after receipt of notice from Purchaser. Any claim for a quantitative defect which is not made within such **[Redacted: Term]** period shall be deemed to have been waived by Purchaser. Purchaser shall have the right to deduct from payment any missing quantity of Product shipped until resolution of the matter pursuant to this Agreement provided that Purchaser has notified Supplier in writing of its claim pursuant to this Section 5.2(a).

(b) **Qualitative Defects.** Purchaser shall have **[Redacted: Term]** from receipt by Purchaser or Purchaser's designee of each Batch of Product in which to determine by appropriate validated tests and assays whether or not each Batch Delivered conforms to the Specifications. If Purchaser deems that a Batch does not conform to the Specifications ("**Rejected Batch**"), **[Redacted: List of Conditions]** , Purchaser may reject such Batch by giving written notice to Supplier within **[Redacted: Term]** after receipt by Purchaser or Purchaser's designee of such Batch of Product **("Rejection Notice").** Purchaser must specify in reasonable detail the manner in which such Batch fails to meet the Specifications. Purchaser may withhold payment for any Batch of Product for which a Rejection Notice has been given to Supplier **[Redacted: Term].** Purchaser shall be deemed to have accepted any Batch with respect to which it fails to notify Supplier as provided in this Section 5.2(b).

(c) **Disposition of Rejected Batch.** Supplier shall have **[Redacted: Term]** from the receipt of the Rejection Notice to accept or reject Purchaser's claims and submit a report on the Rejected Batch indicating the investigation and testing done and the recommended disposition to Purchaser, as the case may be. Purchaser shall review such report and notify Supplier that Purchaser either requests additional data, approves the recommended disposition of the Rejected Batch or will otherwise direct Supplier as to how Purchaser wishes the Rejected Batch to be disposed of. Purchaser shall have **[Redacted: Right of Purchaser]** of the Rejected Batch until resolution of the dispute pursuant to this Agreement.

(d) **Dispute of Test Results.** If the Parties fail to agree on whether a Batch of Product fails in whole or in part to meet the Specifications and on the disposition of such Rejected Batch, such dispute shall be resolved promptly by an independent testing organization of recognized repute within the pharmaceutical industry of the Territory mutually agreed upon by the Parties. The appointment of such organization shall not be unreasonably delayed by either Party. The decision of such testing organization shall be binding on both Parties. The fees and costs of the testing organization, and storage and handling of the Product during the dispute shall be **[Redacted: Cost Allocation].** If the Parties agree that a Rejected Batch conforms to the Specifications or if the dispute in this regard has been resolved pursuant to Section 5.2(d) in favour of Supplier, Purchaser shall provide Supplier with payment for such Rejected Batch forthwith.

(e) **Rework, Reprocessing and Replacement of Rejected Batch.**

(i) If the Parties agree that a Rejected Batch fails in whole or in part to conform to the Specifications, or if the dispute between the Parties in this regard has been resolved pursuant to Section 5.2(d) in favour of Purchaser, Supplier agrees to use its commercially reasonable best efforts to either:

A. if possible, rework or reclaim the Rejected Batch, which shall be returned to Supplier forthwith and Supplier shall assume**[Redacted: Costs],** if any, in connection with the shipment of same; or

B. destroy the Rejected Batch, which Batch shall be returned to Supplier forthwith and Supplier shall assume**[Redacted: Costs],** if any, in connection with the shipment of same and deliver **[Redacted: Costs]** a replacement shipment for the Rejected Batch**("Replacement Batch"), [Redacted: List of Conditions];**

within **[Redacted: Term]** of the date Supplier accepts Purchaser's written Rejection Notice or the date of the final resolution of the dispute, whichever is the earliest. The **[Redacted: Term]** delay is subject to Supplier having all Materials in inventory, including Long Lead Time Materials.

(ii) Notwithstanding the existence of a dispute concerning a Product rejected by Purchaser, pending resolution of such dispute, Supplier shall, within**[Redacted: Term]** of issue by Purchaser of a Purchase Order for additional Batches of Product of the type and quantity claimed to be rejected as contemplated by Section 5.2(b) hereof, deliver such additional Batches of Product and Purchaser shall be obligated to pay for such Batches of Product in accordance with Section 3.4 hereof. The **[Redacted: Term]** delay is subject to Supplier having all Materials in inventory, including Long Lead Time Materials.

(iii) Notwithstanding anything to the contrary contained herein, should the Rejected Batch have failed to meet the Specifications **[Redacted: List of Conditions and Supplier's Obligations].**

5.3 **Recalls.**

(a) Each Party shall notify the other in writing within **[Redacted: Term]** of such Party's receipt of any order, request or directive of a court or governmental authority relating to the recall or withdrawal of the Products. Purchaser shall have sole control over the administration of any recall or withdrawal, whether voluntary or involuntary, of the Products. Supplier shall cooperate with Purchaser in the event of any recall or withdrawal of the Products in the Territory in connection with the quality of the Product Manufactured by Supplier and provide such reasonable assistance in connection therewith as Purchaser may reasonably request. Subject to Article X hereof, the direct costs of any recall or withdrawal shall be borne by **[Redacted: Cost Allocation]**

ARTICLE VI — QUALITY ASSURANCE AND CONTROL

6.1 **Form of Quality Agreement.**

The Parties will agree on a Quality Agreement, which will set forth the technical terms of supply needed to satisfy quality control considerations for Manufacturing by Supplier under this Agreement. The Parties agree that, if any provisions of the Quality Agreement are inconsistent with this Agreement, the provisions of this Agreement shall govern to the extent of such inconsistency.

6.2 **Testing.**

Supplier shall perform the quality control tests and assays identified in the Quality Agreement and in accordance therewith.

6.3 **Product Batch Release.**

Supplier shall be responsible for the technical release to Purchaser of each Batch of Product Manufactured and Purchaser shall be responsible for the release of the Product to the market. A Batch of Product can be released once Supplier has performed, or has had performed under its supervision by a Third Party, all customary tests as per the Specifications and the Product meets the Specifications. In addition to the invoice described under Section 3.4, Supplier will provide a Batch Certificate of Analysis with representative chromatograms with each Batch of Product upon the release of such Batch of Product by Supplier. Supplier will also provide, as part of the Certificate of Analysis, an American equivalent to a "Certificate of Manufacture" (as defined in the Canadian good manufacturing practices) in the form attached hereto as Schedule "H". This Certificate of Manufacture will certify that the Batch of Product was Manufactured and tested in conformance with the Specifications and applicable cGMP and will list deviations and investigations, as applicable.

[Redacted: Amount] full Batch record (i.e. Certificate of Manufacture, Certificate of Analysis, list of Quality Events, Manufacturing Records and Packaging Records) will be provided by Supplier to Purchaser **[Redacted: Amount]** of any Product and, subsequently, **[Redacted: Term]** of the Term of this Agreement per Product and per dosage form. Purchaser may request thereafter full Batch records with each Batch of Product released to Purchaser subject to payment by Purchaser of **[Redacted: Amount]. [Redacted: Cost]** shall be payable by Purchaser to Supplier to have the full Batch records of a Batch of Product that was released to the market which, thereafter, becomes subject to an investigation.

Supplier will not ship a Batch of the Product if such Batch is under quarantine (before Supplier's internal release pursuant to this Agreement), unless on exceptional basis and after receipt of the other Party's written authorization in the form attached hereto as Schedule "I".

Once all the customary testing performed by, or made under the supervision of, the Supplier is completed pursuant to the Specifications and the Product meets the Specifications, Purchaser agrees that Supplier shall have the right to Deliver a Product to Purchaser pending the receipt by Purchaser of test results from any Third Party testing laboratory unless Purchaser sought those tests in the context of a dispute with Supplier on the quality of a Product. Purchaser shall be responsible for all changes to the Specifications as a result thereof and Purchaser shall be solely liable for the release of the finished Products to the market.

6.4 **Retention Samples.**

Sampling details and schedules must be agreed to by the Parties prior to implementation and incorporated into the Quality Agreement. The costs of retained samples shall be charged back to Purchaser **[Redacted: Costs],** as the case may be, plus shipping and handling costs, if applicable.

6.5 **Designated Suppliers Audit.**

If Purchaser and Supplier agree that Supplier shall be responsible for the performance of a Designated Supplier's Audit, Purchaser agrees that such Designated Supplier's Audit shall be performed at Purchaser's sole cost and expense and Purchaser shall indemnify Supplier within **[Redacted: Term]** of the invoice date for any such costs and expenses incurred as a result of such Designated Supplier's Audit. The rate to be charged to Purchaser for the performance of such Designated Supplier's Audit shall be Supplier's applicable standard rate. Such standard rate is established at **[Redacted: Amount]** for Calendar Year 2009. Such standard rate may be increased by Supplier **[Redacted: Price Increase Calculation].**

6.6 **Manufacturing Records.**

Supplier shall maintain true, accurate and complete records regarding the Manufacturing of the Products as required by applicable Law (**Manufacturing Records**") including,

without limitation, the information required to be maintained pursuant to the Quality Agreement.

ARTICLE VII — REGULATORY MATTERS

7.1 **Audit and Inspection.**

(a) **Purchaser Audit.** Supplier grants Purchaser the right to audit or to appoint Third Parties **[Redacted: Description of Third Parties],** to audit the Facility and Supplier's documentation on an annual basis demonstrating Supplier's satisfactory performance of its obligations under this Agreement and the Quality Agreement. Such audit shall be conducted during normal business hours for a period not to exceed **[Redacted: Term],** by a maximum of **[Redacted: Amount]** auditors. Additional auditors and/or Business Days may be agreed upon between the Parties subject to payment by Purchaser of an additional fee of **[Redacted: Amount]** per additional auditor and per additional Business Day. Purchaser will notify Supplier in writing at least **[Redacted: Term],** in advance of such an audit. Notwithstanding anything to the contrary contained herein, the right to audit granted to Purchaser herein shall be limited to **[Redacted: Amount]** per Calendar Year and may only be exercised during the months of **[Redacted: Term],** save and except for situations where a single audit reveals significant concerns from the perspective of Purchaser and **[Redacted: Description of Third-parties],** acting reasonably, that require appropriate additional audit follow-up or when an audit for cause is warranted, in which event, any such additional audit shall not be limited in time and shall not be subject to the payment of any additional fee to Supplier.

Any Person appointed by Purchaser to perform such an audit shall at all times be bound by the obligations of confidentiality and non-disclosure of Supplier's confidential information and agree to disclose to Purchaser only such information as is necessary to determine if Supplier is performing its obligations under Article II. Such Person shall also agree to disclose to Supplier the results of its review.

It is furthermore agreed that the on-site availability of Purchaser, or such appointed Person, shall have no bearing on Supplier's production schedule as Supplier shall be authorized and entitled to proceed with same in the absence of Purchaser's or such appointed Person's representative.

(b) **Inspection by Governmental Authorities.** Supplier shall permit inspections of the Facility by Governmental Authorities of the Territory with respect to the fulfillment of any requirement for any License during the Term of this Agreement and, if necessary, thereafter.

(c) **Inspection Notification.** Supplier agrees to promptly notify Purchaser of any inspection by any Governmental Authority pending as of the date hereof or as notice of same may arise during the Term, and of any communications to or from any Governmental Authority (including the reporting of adverse drug experiences or field alerts) which might adversely affect Supplier's ability to perform its obligations under this Agreement. Supplier shall keep Purchaser informed of the resolution of the matter

with the relevant Governmental Authority and if responses have a direct impact on the Product, Supplier shall provide Purchaser with the proposed resolution prior to sending same to the Governmental Authority. In such circumstances, Supplier shall take into consideration any comments received from Purchaser prior to such sending.

(d) **Order by Governmental Authority.** Should the HPFBI or the FDA require Purchaser to stop selling the Products in the Territory, Purchaser shall have the right to suspend this Agreement and mutual obligations by sending written notice to Supplier or to terminate this Agreement pursuant to Section 11.2(e) hereof. Notwithstanding Section 12.2(b) hereof, any such suspension or termination by Purchaser shall not relieve Purchaser of its obligation to reimburse Supplier for **[Redacted: Reimbursement Obligation]** Purchaser shall not be bound to reimburse Supplier for the **[Redacted: Reimbursement Obligation]** if such suspension or termination solely arises out of or results from an event caused by Supplier's negligence or breach of this Agreement.

7.2 **Regulatory Submissions.**

Supplier shall provide reasonable support for any submissions required to the HPFBI, FDA and other applicable Governmental Authority to support contract manufacturing of Purchaser's Products by Supplier at the Facility.

The Parties agree that, other than for reasonable regulatory efforts in connection with requests made by Purchaser for changes to Specifications, all regulatory support services, including without limitation the gathering of documents in support of a Product submission or APR, notarization of documents, company registration (such as CoA's and form 2657), auxiliary regulatory services (such as sterility packages, clarifax, question answering, legalization of document) are not included in the Price.

All regulatory support services set forth above shall be charged to Purchaser in accordance with the standard rates established by Supplier for said services from time to time in addition to notary and legal fees, where applicable. Supplier's rate for regulatory support services is established at **[Redacted: Amount]** for Calendar Year 2009. Such standard rate may be increased by Supplier **[Redacted: Term]** and notice in writing shall be given to the Purchaser. Such increase **[Redacted: Price Increase Calculation].** Purchaser shall pay Supplier for all regulatory support services within **[Redacted: Term]** of invoice date.

ARTICLE VIII — REPRESENTATIONS AND WARRANTIES

8.1 **Supplier Representations and Warranties.**

(a) **Representations and Warranties.** Supplier represents, warrants and covenants, while acknowledging that Purchaser is relying on such representations and warranties in entering into this Agreement, that:

(i) in performing its services hereunder, Supplier shall comply with all provincial, state, local and federal Laws and the cGMP applicable to such

services and shall hold, and shall continue to hold during the Term of this Agreement, all Licenses necessary or required for the Manufacturing of the Products for sale in the Territory and the performance of its obligations hereunder;

(ii) the Facility, all equipment and tooling utilized in the Manufacturing of the Products hereunder, and the procedures and processes (including installation, operation and performance qualifications) instituted by Supplier in connection herewith are, and shall continue during the term of this Agreement, to be in material compliance with all applicable Laws and maintained in good operating condition;

(iii) **[Redacted: Representation]**

(iv) **[Redacted: Representation]**

(v) Supplier shall carry and keep in good force during the Term of this Agreement and for a period of **[Redacted: Term]** thereafter, a comprehensive general liability, product liability and commercial property insurance coverage in such form and amount as a reasonable party in similar circumstances would carry and keep to fulfil its obligations hereunder (in an amount no less **[Redacted: Amount].** Supplier shall submit a certificate of such insurance (which shall include such information) to Purchaser for its approval within **[Redacted: Term]** of the date of signature of this Agreement. If such certificate is not furnished within **[Redacted: Term],** Purchaser shall notify Supplier in writing and give Supplier **[Redacted: Term]** to cure such breach. If Supplier fails to provide the certificate during such **[Redacted: Term]** cure period, Purchaser may, at its option, immediately terminate this Agreement or any amendment thereof;

(vi) the Products Manufactured by Supplier under the terms of this Agreement:

A. will comply with the Specifications and applicable Laws, including cGMP in accordance with general industry practice;

B. shall not contain any material that would cause the Products to be adulterated within the meaning of the *Food and Drug Act* (Canada) or adulterated or misbranded within the meaning of Section 404 or 505 of the Federal *Food, Drug and Cosmetic Act* as amended, or the regulations issued thereunder or within the meaning of any provincial, state or local law the adulteration and misbranding provisions of which are similar to such Act; and

C. shall be free from material defects in Materials and workmanship not otherwise caused by Materials supplied by Purchaser or by any Designated Suppliers or defect in the Specifications and/or in Purchaser's formula for the Manufacturing of the Product .

(vii) Supplier is a general partnership duly constituted, validly existing and in good standing under the laws of the Province of Ontario;

(viii) Supplier has the power and authority to conduct its business as currently being conducted and as contemplated herein;

(ix) Supplier has the power and authority to make, deliver and perform its obligations under this Agreement by way of its managing partner and has taken all necessary action to authorize the execution, delivery and performance of this Agreement.

(x) the execution, delivery and performance of this Agreement by Supplier will not violate any agreement or instrument to which Supplier is a party.

(b) **Exclusions.** The warranties with respect to the Products shall not apply to any Product which,**[Redacted: Exclusions].**

(c) **Limitation.** Subject to applicable Law, Supplier makes no other warranty or representation, express or implied, with respect to the Products, whether as to merchantability, quality or fitness for a particular purpose.

8.2 **Purchaser Representations and Warranties.**

(a) **Representations and Warranties.** Purchaser represents and warrants, while acknowledging that Supplier is relying on such representations and warranties in entering into this Agreement, that:

(i) it shall provide all information necessary for Supplier to Manufacture the Products in accordance with the Specifications and all applicable Laws, including cGMP, and shall make its employees available on a timely basis to respond to questions concerning such information;

(ii) to the extent that Purchaser supplies any Materials, including the Active Pharmaceutical Ingredient, or other information to Supplier (including packaging and labelling requirements) or engages in Manufacturing with respect to any of the Products (either directly or indirectly through a Third Party), all such Materials or other information and Manufacturing will comply with the Specifications and applicable Laws, including cGMP;

(iii) it shall obtain and maintain all necessary permits, registrations and licences required for it to perform its obligations to Supplier under this Agreement and shall comply with all applicable Laws in carrying out its obligations under this Agreement;

(iv) Purchaser shall carry and keep in good force during the Term of this Agreement and for a period of**[Redacted: Term]** thereafter, insurance coverage, including product liability insurance, in such form and amount as a reasonable party in similar circumstances would carry and keep to

fulfill its obligations hereunder (in an amount no less than**[Redacted: Amount].** Purchaser shall submit a certificate of such insurance (which shall include such information) to Supplier for its approval within **[Redacted: Term]** of the date of signature of this Agreement. If such certificate is not furnished within **[Redacted: Term]**, Supplier shall notify Purchaser in writing and give Purchaser**[Redacted: Term]** to cure such breach. If Purchaser fails to provide the certificate during such **[Redacted: Term]** cure period, Supplier may, at its option, immediately terminate this Agreement or any amendment thereof;

(v) **[Redacted: Representation];**

(vi) **[Redacted: Representation];**

(vii) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of Québec;

(viii) Purchaser has the power and authority to conduct its business as currently being conducted and as contemplated herein;

(ix) Purchaser has the power and authority to make, deliver and perform its obligations under this Agreement and has taken all necessary action to authorize the execution, delivery and performance of this Agreement;

(x) the execution, delivery and performance of this Agreement by Purchaser will not violate any agreement or instrument to which Purchaser is a party.

8.3 **Undertakings Relating to Representations and Warranties**

Purchaser and Supplier agree to promptly notify each other in the event any of the representations made to the other hereunder is inaccurate.

ARTICLE IX — INTELLECTUAL PROPERTY

9.1 **Ownership.**

(a) **Purchaser Rights.** Supplier acknowledges that Purchaser is the sole owner of Purchaser Intellectual Property and of all data and information relating to the Products, including the Specifications and any other information relating thereto delivered by Purchaser to Supplier under this Agreement, except to the extent such information is in the public domain, without breach of Supplier's confidentiality obligations or owned by a Third Party.

(b) **Supplier Rights.** Purchaser acknowledges that Supplier is the sole owner of the Supplier Intellectual Property.

(c) **Product Developments.** All Intellectual Property relating to a Product conceived, reduced to practice, authored or otherwise generated or developed in the course of activities under this Agreement, either by or on behalf of Supplier, except if it has general applicability to the manufacture of pharmaceutical products other than the Products, shall be **"Product Developments"**. Purchaser shall own all right, title and interest in and to all Product Developments, whether made, conceived, reduced to practice, authored or otherwise generated or developed solely by Supplier personnel, or jointly by Supplier and Purchaser personnel, and all rights to Intellectual Property arising therefrom. Supplier will, and hereby does, assign to Purchaser all of its rights, title and interest in and to Product Developments and rights to Intellectual Property arising therefrom. Supplier will provide reasonable assistance to Purchaser, at Purchaser's expense, in obtaining and enforcing Purchaser's ownership of the Product Developments including as applicable the assignment to Purchaser of the right, title and interest of its employees or independent contractors in and to such Product Developments.

(d) **Patents.** As soon as practicable after reduction to practice by Supplier of any Product Development, Supplier shall inform Purchaser in writing of such Product Development. Upon Purchaser's reasonable request and at Purchaser's expense, Supplier shall take such reasonable actions as Purchaser deems necessary or appropriate to assist Purchaser in obtaining patent or other proprietary protection in Purchaser's name with respect to all Product Developments.

(e) **License.** Under the terms and subject to the conditions of this Agreement, Purchaser hereby grants Supplier a non-exclusive, royalty-free license to use the Purchaser Intellectual Property and the Product Developments for the sole purpose of performing its obligations hereunder in Canada. Unless otherwise agreed to in writing by Purchaser, Supplier shall have no right to make or manufacture Product for the benefit of a Third Party and to supply, distribute or sell the Products to a Third Party or use any Purchaser Intellectual Property for any other purpose. Supplier shall have no right to grant sub-licenses to any Person, except if agreed to otherwise in writing between the Parties.

9.2 **Reproduction of and Right to Use Trademarks**

Solely in connection with Supplier's performance of its obligations under this Agreement, Purchaser hereby grants Supplier the non-exclusive right in Canada to reproduce and print on the Products and/or Product packaging such trademarks, trade dress, brand names, and/or trade names that Purchaser may designate in writing from time to time, strictly in accordance with trademark usage and packaging guidelines set forth in the Specifications or otherwise provided by Purchaser in writing. Samples of all such uses of Purchaser's trademarks, trade dress, brand names and/or trade names on the Products or Product packaging shall be submitted to Purchaser for its written approval prior to production. The permission granted to Supplier herein is restricted to usage of such trademarks, trade dress, brand names and/or trade names on or in connection with the Manufacturing of the Products supplied under this Agreement, and the performance of any additional services requested by Purchaser pursuant to the terms of this

Agreement, and such permission extends only for the Term of this Agreement or such shorter period as may be designated or required by Purchaser.

9.3 **Supplier's Ownership of Other Property.**

Except as set forth in Schedule "G" attached hereto, it is agreed that Supplier is the sole owner of any and all machinery and equipment used by Supplier in connection with the Manufacturing of the Products in accordance with this Agreement.

9.4 **Infringement by a Third Party.**

(a) **Notice.** In the event that either Party becomes aware of actual or threatened infringement by a Third Party of Intellectual Property related to the Manufacture, sale, supply or distribution of any Product, that Party shall promptly so notify the other in writing. Purchaser shall have the right, but not the obligation, to bring at its own expense an infringement action or file any other appropriate action or claim related to infringement of such Intellectual Property against any Third Party. Supplier shall have the option to join in at its sole costs and expenses (but not to control) such action if Supplier has been damaged by the actions of such Third Party.

(b) **Settlement.** Each Party shall cooperate and provide reasonable assistance in any action as described above. **[Redacted: Settlement Conditions]**

(c) **Damages.** Purchaser shall retain any damages or other monetary awards that it recovers pursuant to any action under this Section 9.4.

9.5 **Right to not Manufacture.**

Supplier shall not be required to Manufacture or supply any Product to which:

[Redacted: Conditions].

ARTICLE X — INDEMNITIES

10.1 **Indemnity of Supplier.**

Subject to the limitations provided for in Section 10.4 hereof, and except to the extent that Supplier is obligated to indemnify Purchaser under Section 10.2 hereof, Purchaser shall defend, indemnify and hold harmless Supplier, its Affiliates, and its and their respective officers, directors, employees, agents and representatives harmless from and against any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject at any time by reason of any Proceeding to the extent arising out of or resulting from:

(a) the use, Manufacture, processing, testing, packaging, labelling or storage of or any other dealing with any or all of the Products, but only to the extent that such liability does not arise as a result of the negligence or wilful misconduct of Supplier and its agents

in performing its obligations under this Agreement, a breach of any material term of this Agreement by Supplier and its agents, including, without limitation, Supplier's representations and warranties or failure by Supplier and its agents to perform a covenant under this Agreement;

(b) subject to Section 5.3 hereof, any recall or market withdrawals of any Product Manufactured by Supplier;

(c) any claim that the Manufacturing of a Product under this Agreement or its sale or supply to Purchaser infringes a Third Party's Intellectual Property, except where such claim arises out of or results from the use of Supplier's Intellectual Property;

(d) the breach by Purchaser of any of the material terms of this Agreement including, without limitation, Purchaser representations and warranties provided for in Section 8.2 hereof; or

(e) the negligence or wilful misconduct of Purchaser, its officers, directors, employees and agents in performing its obligations under this Agreement.

10.2 **Indemnity of Purchaser.**

Subject to the limitations provided for in Section 10.4 hereof, and except to the extent that Purchaser is obligated to indemnify Supplier under Section 10.1 hereof, Supplier shall defend, indemnify and hold harmless Purchaser, its Affiliates, and the officers, directors, employees, agents and representatives harmless from and against any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject at any time by reason of any Proceeding to the extent arising out of or resulting from:

(a) the negligence or wilful misconduct of Supplier, its officers, directors, employees and agents, in performing its obligations under this Agreement;

(b) a breach by Supplier of any of the material terms of this Agreement including, without limitation, the Supplier representations and warranties provided for in Section 8.1 hereof;

(c) any recall or market withdrawals of Products Manufactured by Supplier related to the quality of the Product for Commercial Sale in the Territory and caused by Supplier as provided for in Section 5.3 hereof;

(d) any claim that the Manufacturing of a Product under this Agreement or its sale or supply to Purchaser infringes a Third Party's Intellectual Property, except where such claim arises out of or results from the use of Purchaser's Intellectual Property.

10.3 **Indemnity Proceedings.**

(a) **Notice of Claim.** If a claim by a Third Party is made against an Indemnitee, and if the Indemnitee intends to seek indemnity with respect thereto under this Agreement, the

Indemnitee shall promptly (and in any case within **[Redacted: Term]** of such claim being made) notify the Indemnitor of such claim with reasonable particulars. The Indemnitor shall have **[Redacted: Term]** after receipt of such notice to undertake, conduct and control, through counsel of its own choosing (reasonably acceptable to Indemnitee) and at its own expense, the settlement or defense thereof, and the Indemnitee shall reasonably cooperate with the Indemnitor in connection therewith, except that with respect to settlements entered into by the Indemnitor: **[Redacted: Settlement Conditions]**

(b) **Conduct of Proceedings**. If the Indemnitor undertakes, conducts and controls the settlement or defense of such claim, (i) the Indemnitor shall permit the Indemnitee to participate in such settlement or defense through counsel chosen by the Indemnitee, provided that the fees and expenses of such counsel shall be borne by the Indemnitee; and (ii) the Indemnitor shall promptly reimburse the Indemnitee for the full amount of any loss resulting from any claim and all related expenses (other than the fees and expenses of counsel as aforesaid) incurred by the Indemnitee. The Indemnitee shall not pay or settle any claim so long as the Indemnitor is reasonably contesting any such claim in good faith on a timely basis. Notwithstanding the two immediately preceding sentences, **[Redacted: Settlement Conditions]**.

(c) **Intellectual Property Claim**. Notwithstanding Section 10.3(a) and (b), any claim by a Third Party for violation, misappropriation or infringement of Intellectual Property for which a Party has the right to seek indemnification hereunder against the other Party shall be conducted and controlled by the Party whose Intellectual Property is being violated, infringed or claimed to be invalid or unenforceable. The Indemnitor shall have the exclusive right to select counsel for such Proceedings or action and the Indemnitor may consult with the Indemnitee and take into consideration Indemnitee's view and comments to the extent reasonable in defending against any such action or Proceeding, on all material aspects of the defense. Either Party shall have the right to join the Proceeding or action defended by the Indemnitor and to be represented by counsel of its choice at its own cost and expense. Except as expressly set forth above, the Indemnitor shall pay all costs and expenses of the Indemnitee associated with such Proceedings or action other than the expenses of the Indemnitee if the Indemnitee elects to join the Proceedings or action as set forth above. **[Redacted: Settlement Conditions]**.

(d) **Indemnitee Rights**. With respect to Third Party claims, if the Indemnitor does not notify the Indemnitee within **[Redacted: Term]** after the receipt of the Indemnitee's notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the Indemnitee shall have the right, but not the obligation, to contest, settle or compromise the claim in the exercise of its reasonable judgement using counsel of its choice at the expense of the Indemnitor.

(e) **Employee Assistance**. In the event of any claim by a Third Party against an Indemnitee, the defense of which is being undertaken and controlled by the Indemnitor, the Indemnitee will use all reasonable efforts to make available to the Indemnitor those employees whose assistance, testimony or presence is necessary to assist the Indemnitor in evaluating and in defending any such claim; provided that the Indemnitor shall be

responsible for the expense associated with any employees made available by the Indemnitee to the Indemnitor hereunder, which expense shall be equal to an amount to be mutually agreed upon per person per hour or per day or each day or portion thereof that such employees are assisting, and which shall not exceed the actual cost to the Indemnitee associated with such employees.

10.4 **Limitation of Liability**.

(a) **Indirect Damages**. Notwithstanding the provisions of this Agreement which might otherwise be to the contrary, neither Party shall be liable to the other, or have any obligation to indemnify any Indemnitee, as the case may be, for Losses which were not foreseen or foreseeable (including loss of profits, loss of revenue and expected savings or loss of information) and the Parties hereby expressly agree that in no event shall either Party be liable for any indirect, incidental, special, consequential, exemplary or punitive damages or Losses.

(b) **Aggregate Liability**. Each Party's total aggregate liability for damages sustained by the other Party as a result of a direct claim made by the other Party under this Agreement shall, except in cases of an intentional or gross fault, be no greater than **[Redacted: Amount]**. Notwithstanding the foregoing, Purchaser's and Supplier's total aggregate liability shall in no event be limited in the event of any Losses resulting from **[Redacted: Events]**

ARTICLE XI — TERM AND TERMINATION

11.1 **Term of Agreement**.

(a) **Initial Term**. This Agreement is effective from the date of its execution and shall continue in effect until the later of (i)**[Redacted: Date]** and (ii) the date on which US patent No. 5,861,379 will expire **("Initial Term")** unless earlier terminated or extended in accordance with the terms of the Agreement.

(b) **Renewal Term**. This Agreement will be automatically renewed for successive periods of**[Redacted: Term]** each **("Renewal Terms")** following the expiration of the Initial term, unless otherwise indicated by either Party to the other with a prior **[Redacted: Term]** written notice.

11.2 **Termination of Agreement**.

(a) **Termination for Breach**. Any non-defaulting Party may terminate this Agreement with written notice to the other Party, if the other Party defaults in a material respect in the performance or observance of any of its obligations under this Agreement and such default continues, unremedied, for a period of **[Redacted: Term]** following written notice of such default to the defaulting Party. Such cure period shall be increased to **[Redacted: Term]** if the default is a failure to comply with Applicable Laws, including cGMP.

(b) **Bankruptcy, etc**. Either Party may terminate this Agreement upon notice to the other Party, if the other Party makes an assignment for the benefit of its creditors, is adjudged bankrupt, becomes insolvent, ceases or threatens to cease to carry on business, files or consents to the filing of a petition in bankruptcy, seeks to take advantage of any legislation relating to insolvency, arrangement or relief of debtors, winds-up or liquidates, or if any receiver, trustee, liquidator or similar official is appointed of such other Party or any of its property.

(c) **Termination for Convenience**. Either Party may terminate this Agreement without penalty, for any reason upon giving a **[Redacted: Term]** prior written notice to the other Party of such termination.

(d) **Termination under Section 9.5(a) and 9.5(b)**. Supplier may terminate this Agreement, without penalty, by written notice to Purchaser if an act under Section 9.5(a) occurs and **[Redacted: Termination Conditions].**

Either Party may terminate this Agreement without penalty by giving written notice to the other Party if an act under Section 9.5(b) occurs**[Redacted: Termination Conditions].**

(e) **Termination under Section 3.8(b) or 7.1 (d)**. Either Party may terminate this Agreement, without penalty, by written notice to the other Party within the delay prescribed in the cGMP or applicable Law to comply with a change, if the costs to comply with cGMP or applicable Law exceed the threshold set forth in Section 3.8(b) hereof. Purchaser shall have the right to terminate this Agreement by written notice to Supplier if the FDA or HPFBI requires Purchaser to stop selling the Products in the Territory.

(f) **Product not Approved**. This Agreement will terminate in the event the Product is not approved for Commercial Sale in the Territory by the FDA by **[Redacted: Term].**

(g) **Effect of Termination**. Upon termination or expiration of this Agreement for any reason:

(i) Purchaser shall **[Redacted: Purchaser's Obligations]**;

(ii) Purchaser will have access to any Manufacturing Records and Batch retention samples relating to the Manufacturing of the Products under this

Agreement for the period during which the Manufacturing Records and Batch retention sample must be kept by Supplier in accordance with this Agreement or the Quality Agreement;

(iii) Supplier shall provide to Purchaser the originals of all Specifications; provided, however, that a copy of such document may be retained by Supplier for archival purposes, as means of determining any continuing obligation or confidentiality, but for no other purpose;

(iv) Purchaser shall, within **[Redacted: Term]** of the date of termination of this Agreement, pay to Supplier any outstanding payments to be made pursuant to this Agreement, including without limitation, any and all payment due pursuant to this Section 11.2(g) or Section 3.2 hereof;

(v) the license granted to Supplier under Section 9.1(e) hereof shall be terminated; and

(vi) Any termination of this Agreement in accordance with this Section 11.2(a), (b) or (d) shall not prevent the non-defaulting Party to seek any other remedy or take any other action or recourse against the defaulting Party in order to be indemnified as a consequence thereto in accordance with Article X of this Agreement, unless expressly indicated otherwise herein.

ARTICLE XII — MISCELLANEOUS

12.1 **Relationship of the Parties.**

The relationship between Supplier and Purchaser created pursuant to this Agreement is intended to be and shall be solely that of independent contractors. Neither Party, nor its employees, agents or representatives shall under any circumstances be considered employees, agents, partners, joint venturers or representatives of the other Party. Neither Party, nor its employees, agents or representative shall act or attempt to act, or represent themselves, directly or by implication, as an employee, agent, joint venturer, partner or representative of the other Party or in any manner assume or create, or attempt to assume or create, any obligation or liability of any kind, express or implied, on behalf of or in the name of the other Party. No person other than Supplier or Purchaser may rely on or enforce any provision of this Agreement.

12.2 **Force Majeure.**

(a) **Defined.** In this Agreement, "Force Majeure" means an event or occurrence beyond the reasonable control of a Party which by the exercise of reasonable diligence could not be overcome, including, but not limited to, **[Redacted: Definition of Force Majeure].**

(b) **Non-Default.** A Party shall be deemed not to be in default with respect to non-performance of any of its obligations under this Agreement, if and so long as such non-performance is due in whole or in some material way to an event of Force Majeure and that Party has used commercially reasonable efforts to remove the event of Force Majeure and to perform its obligations under the Agreement. If an event of Force Majeure occurs, the Party affected shall promptly notify the other Party of the occurrence of the event, its extent and probable duration.

(c) **Cessation of Force Majeure.** Subject to Section 12.2(b) hereof, if Supplier is unable to supply Purchaser with its requirements of Products by reason of Force Majeure, Force Majeure shall excuse Supplier's performance until the Force Majeure has ceased and for a reasonable period of time thereafter, to allow Supplier to restore itself to the position it was in with respect to the Manufacturing of Products immediately prior to the Force Majeure. Supplier acknowledges that Purchaser shall have the right to have Batches of Product forecasted in the Firm Zones of Ongoing Forecasts Manufactured by Third Parties for the duration of the existence of Supplier's Force Majeure. The Batches of Product Manufactured by the Third Parties shall **[Redacted: Calculation of Batches]** hereof. Within **[Redacted: Term]** of notification by Supplier that it is able to resume the necessary supply of the Products to Purchaser, Purchaser shall resume obtaining its requirements of Products from Supplier pursuant to the terms of this Agreement. Supplier shall suffer no penalty or incur any liability for its inability to perform hereunder by reason of Force Majeure. For greater certainty, the Purchaser shall not have to comply with the Preferred Basis and Annual Minimum Purchase during Force Majeure up until receipt of Supplier's notice that it is able to resume Manufacturing of the Product pursuant to this Section 12.2(c) **[Redacted: Obligations of Supplier]** for such given Calendar Year.

(d) **Termination.** If a Party fails to perform any of its obligations under this Agreement by reason of Force Majeure and such non-performance continues for a period of **[Redacted: Term]** from the first occurrence of the event of Force Majeure, the other Party may, **[Redacted: Termination Conditions]** , terminate this Agreement by providing written notice to that effect to the non-performing Party. In the event of such termination, both Parties' respective rights and obligations under this Agreement shall terminate except for any amounts previously due and owing by one Party to the other and except for any other obligations which this Agreement expressly provides shall survive termination.

12.3 **Further Assurances.**

Each Party will at any time and from time to time, upon the request of the other Party, execute and deliver such further documents and do such further acts and things as the other Party may reasonably request to evidence, carry out and give full effect to the terms, conditions, intent and meaning of this Agreement.

12.4 **Confidentiality.**

This Agreement is subject to the CDA which is incorporated herein by reference and attached hereto as Schedule "D"; provided, however, that the Parties agree that (i) the provisions of the CDA shall apply to all information and data provided by either Party or their agent(s) in confidence or as confidential and (ii) the definition of "Purpose" therein shall be extended to include the performance of each of Supplier and Purchaser's obligations under this Agreement.

12.5 **Notices.**

Unless otherwise mentioned herein, any notice or other communication made under this Agreement (other than routine business communication) shall be in writing and shall be properly given: (i) when delivered if sent by personal delivery; (ii) when transmitted if sent by facsimile with confirmation of transmission; (iii) the next day if sent by a recognized overnight courier; or (iv) three days after being posted if sent by registered mail return receipt requested, addressed:

(a) if to Supplier, to it at: 16751 Trans Canada Highway
Kirkland, Québec, Canada H9H 4J4
Attn: Chief Operating Officer
[Redacted: Facsimile Number]

with a copy to: DRAXIS Specialty Pharmaceuticals Inc.
16751 Trans Canada Highway
Kirkland, Québec, Canada H9H 4J4
Attn: Legal Department
[Redacted: Facsimile Number]

(b) if to Purchaser, to it at: 2310 Alfred-Nobel Blvd.
Montreal, Québec, Canada H4S 2B4
Attn.: Vice President, Pharmaceutical Development
[Redacted: Facsimile Number]

A Party may change its address for notice by notifying the other Party at any time in accordance with the provisions of this Agreement.

12.6 **Entire Agreement.**

This Agreement, and any and all schedules attached thereto, supersedes any prior agreements between the Parties as to the subject matter of the Agreement, whether oral or in writing, and contains the entire understanding between the Parties as to the subject matter of the Agreement. For greater clarity, this Agreement does not supersede agreements currently outstanding that relate to the non Commercial Sale of the Product.

12.7 **Waiver.**

No delay or failure on the part of a Party in exercising any rights under this Agreement shall affect any of such Party's rights.

12.8 **Amendment.**

This Agreement may not be modified or amended except by further written statement signed by both Parties.

12.9 **Severability.**

Any provision of this Agreement that is held to be inoperative, unenforceable or invalid in any jurisdiction shall be inoperative, unenforceable or invalid in that jurisdiction without affecting any other provision hereof in that jurisdiction or the operation, enforceability or validity of that provision in any other jurisdiction, and to this end the provisions hereof are declared to be severable.

12.10 **Enurement.**

This Agreement is binding on and enures to the benefit of each Party and its successors and permitted assigns.

12.11 **Assignment.**

Neither Party shall assign or otherwise transfer any rights under or interest in this Agreement without the other Party's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Notwithstanding the foregoing, each Party shall have the right to assign the Agreement to any of its Affiliates without the prior written consent of the other Party; provided that the assignor shall remain solidarily liable for the obligations of its Affiliate. Purchaser shall have the right to assign this Agreement to **[Redacted: Name].** and upon such assignment, Purchaser shall be relieved from its obligations hereunder provided however that (i) Purchaser shall not be relieved of its obligations existing or arising prior to the date of the assignment or the Effective Date of this Agreement, whichever occurs last, and (ii) **[Redacted: Name]** has agreed in writing to assume and to be liable for any and all obligations and liabilities of Purchaser under this Agreement as of the date of the assignment or the Effective Date of this Agreement, whichever occurs last.

12.12 **Counterparts.**

This Agreement may be executed in counterparts and by facsimile transmission, each of which shall be deemed to be an original and which together shall constitute one and the same agreement.

12.13 **Contra Proferentum.**

This Agreement is the result of mutual negotiations between the Parties, and each Party agrees that no part of this Agreement shall be interpreted against the other Party on the grounds that particular language was drafted by such Party.

12.14 **Subcontracting.**

Supplier may be permitted to subcontract in whole or in part its obligations under this Agreement upon the consent of Purchaser, such consent not be to unreasonably withheld or delayed.

12.15 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. Any disputes arising between the Parties relating to this Agreement shall be subject to the exclusive jurisdiction and venue of the provincial and federal courts located in the Province of Québec, and the Parties hereby waive any objection which they may have now or hereafter to the laying of venue of any proceedings in said courts and to any claim that such proceedings have been brought in an inconvenient forum, and further irrevocably agree that a judgment or order in any such proceedings shall be conclusive and binding upon each of them and may be enforced in the courts of any other jurisdiction.

12.16 **Non-Solicitation.**

Neither Party shall solicit (either directly or indirectly) for employment or employ any of each other's personnel during the Term of this Agreement, except if such employment is the result of a general solicitation of personnel by such Party by public advertisement of employment opportunities or otherwise. In the event either Party desires to solicit for employment or employ one of the other Party's personnel, then such Party must obtain the other Party's prior written approval of such solicitation or employment.

12.17 **Survival.**

The following provisions shall survive the expiration or termination of this Agreement: Sections 5.2, 5.3, 6.6, 8.1(a)(v), 8.2(a)(iv), 9.1, Article 10, 11.2(g), 12.4, 12.5, 12.15 and 12.17 for the period of time indicated in said Sections, if any.

12.18 **English Language.**

The Parties have expressly requested that this Agreement and all ancillary documents be drafted in English. Les parties ont exigé que cette entente ainsi que tous les documents y afférent soient rédigés en anglais.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written above, by their authorized officers, who by signing confirm their authority and intention to bind the Party they represent.

DRAXIS PHARMA GENERAL PARTNERSHIP,
By way of its managing partner,
DRAXIS SPECIALTY PHARMACEUTICALS INC.

Per: *(Signed) Marcelo Morales*
Marcelo Morales
Chief Operating Officer

THERATECHNOLOGIES INC.

Per: *(Signed) Pierre Perazzelli*
Pierre Perazzelli
Vice President, Pharmaceutical Development

Per: *(Signed) Luc Tanguay*
Luc Tanguay
Senior Executive Vice President and Chief Financial Officer

Schedule “A”

SPECIFICATIONS

[Redacted: Description of Specifications]

Schedule "B"

QUALITY AGREEMENT

[Redacted]

Schedule "C"

PRICES

[Redacted: Prices]

Schedule "D"

CONFIDENTIAL DISCLOSURE AGREEMENT

[Redacted]

Schedule “E”

PROPOSALS

[Redacted]

Schedule “F”

DESIGNATED SUPPLIERS

[Redacted: Names of Suppliers]

Schedule "G"

OWNERSHIP OF MACHINERY AND EQUIPMENT BY PURCHASER

[Redacted: Description of Machinery]

Schedule “H”

FORM OF CERTIFICATE OF MANUFACTURE

[Redacted: Certificate]

Schedule “I”

QUARANTINE SHIPMENT AUTHORIZATION

[Redacted: Authorization]

Exhibit 99.92

KPMG LLP
Chartered Accountants
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal (Québec) H3A 0A3

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Internet www.kpmg.ca

Consent of Independent Auditors

The Board of Directors
Theratechnologies Inc.

We consent to the use in this registration statement on Form 40-F of Theratechnologies Inc. (the "Company") of our reports dated:

i) February 8, 2011 with respect to the consolidated statements of financial position of the Company as at November 30, 2010 and 2009 and December 1, 2008, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended November 30, 2010 and 2009;

ii) January 22, 2010 (except for note 15 A which is as of February 10, 2010) with respect to the consolidated balance sheets of the Company as at November 30, 2009 and 2008 and the consolidated statements of earnings, comprehensive loss, shareholders' equity and cash flows for the years then ended

each of which is contained in this registration statement on Form 40-F of the Company.

/s/ KPMG LLP

Chartered Accountants

Montréal, Canada
June 13, 2011

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