

# MESSAGE TO SHAREHOLDERS

Dear Shareholders,

The positive clinical results that we amassed over the year have provided us with additional strategic options in 2008. Over the past year, we have entered into partnership discussions for our tesamorelin program and, in early 2008, to complement these efforts, we announced that the Board of Directors had initiated a review of the strategic alternatives for the Company. The review of these strategic options has no impact on our operational goals to develop the tesamorelin program and to submit a New Drug Application (NDA) to the US Food and Drug Administration (FDA) by year end. The Theratechnologies team will keep focusing on these goals and will continue to execute the business as planned. Both financings over the year provide us not only with the ability to fund our operations for the next two years but also allow us more flexibility for all options.

Notwithstanding the challenging biotechnology markets, investor interest regarding Theratechnologies continued to be high as we increased our profile particularly in the US. In addition, we gained research coverage from two analysts, one from Canada and the other from the US for a total of ten analysts, which also includes coverage in Europe.

The momentum in the clinic continued as we elaborated further on the positive 26-week data that we disclosed in late 2006 and, in October 2007, we disclosed the long-term safety profile of tesamorelin at 52 weeks. Most importantly, the data from the 26-week part of the study were published in the *New England Journal of Medicine*, one of the most prestigious medical journals in the US. As a brief summary, at both 26 and 52 weeks, the clinical results were encouraging with tesamorelin showing positive clinical benefits and being well tolerated. Essentially, all our data from these trials point in the right direction for regulatory approval in the US. Moreover, patients reported an improved quality of life which is important as patients may alter their adherence to their antiretroviral regimes to compensate for the reduced quality of life caused by lipodystrophy and this may compromise their overall treatment.

## NOW WE SEE OURSELVES AS A LEADER IN HIV-ASSOCIATED LIPODYSTROPHY

We believe we are now a leader in the field of HIV-associated lipodystrophy, where currently there is no approved medication available to treat patients with this condition. HIV-associated lipodystrophy is characterized by a change in the distribution of fat tissue, abnormal blood lipid levels, and glucose intolerance that could lead eventually to diabetes and increase cardiovascular risks. To date, our clinical results show that tesamorelin has improved fat distribution and blood lipid levels, all without affecting glucose intolerance. In addition, the side-effects of tesamorelin were minimal when evaluated over a one year period which is very promising. These attributes contribute to a compelling profile to use tesamorelin to treat HIV-associated lipodystrophy.

## THE SUBMISSION OF THE NDA TO THE FDA IS A TOP PRIORITY

Theratechnologies expects to submit its NDA by the end of 2008. We see this as a very exciting juncture for Theratechnologies as only a very small number of Canadian biotechnology companies have had the opportunity to attain such a late stage in the drug development process on their own. Our preparations include building various internal cross-functional teams as well as retaining external American consultants to assist us in the assembly of our NDA.

## COMMERCIALIZATION PLAN ADVANCING

Our leadership position in HIV-associated lipodystrophy has now put Theratechnologies in a pre-commercialization mode. We have a core team in place with commercialization experience which is now focused on educating the market about the disease and the significant impact that HIV-associated lipodystrophy has on those patients that are afflicted with it. HIV-associated lipodystrophy is a fairly new disease, with the first incidence being reported in 1998<sup>1</sup>. Since that time, the awareness of the disease has increased and more is becoming known about the impact of the disease not only in terms of body fat accumulation but also the serious corresponding metabolic disorders that may increase the cardiovascular risks to these patients.

In 2007, we performed several market research studies conducted by reputable third parties to update our market numbers for HIV-associated lipodystrophy as well as to gain some clarity on the reimbursement process for a product such as tesamorelin. It is clear from our studies that there is a sizable market for HIV-associated lipodystrophy. One of the key messages that came from these studies is that education is going to be critical in a successful market launch of tesamorelin. Another key message was that the reimbursement process for tesamorelin will be typical of an HIV drug, likely requiring prior authorization. I would like to emphasize that this is customary for any HIV drug. What is critical is to continue to refine our reimbursement strategy with key experts as the HIV-associated lipodystrophy market is rapidly changing.

## 2008: A YEAR OF EVOLUTION

As Theratechnologies has matured towards commercialization over the past few years, our team has changed significantly as well. We expanded the Theratechnologies team to 81 employees in 2007 with most of the expansion recently occurring in regulatory, clinic, and marketing areas. Together, the Theratechnologies team has been the critical impetus to meet our corporate objectives and ultimately to move the Company closer to the market launch of tesamorelin. Their outstanding effort, dedication and collaboration deserve sincere recognition for the success of the Company thus far.

In parallel to the activities initiated by the Board of Directors regarding Theratechnologies' strategic review, operationally in 2008 we will not sit on our laurels. Our focus is to work on completing our confirmatory Phase 3 clinical trial and to assemble the voluminous documentation required for the submission of the NDA to the FDA by the end of the year. This is the single most important priority of the Company in 2008. In addition, we are working diligently to continue the development efforts for tesamorelin, which include educating the marketplace regarding the serious impact that HIV-associated lipodystrophy has on those individuals who live with this disease.

I envision 2008 to be another exciting year for Theratechnologies and look forward to it with anticipation.



**Yves Rosconi**  
President and Chief Executive Officer  
February 13, 2008

<sup>1</sup> Carr A. et al. AIDS 1998, 12: F51-F58