
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

**Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): **October 22, 2015**

THERAVANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

000-30319
(Commission File Number)

94-3265960
(I.R.S. Employer Identification
Number)

**951 Gateway Boulevard
South San Francisco, California 94080
(650) 238-9600**

(Addresses, including zip code, and telephone numbers, including area code, of principal
executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On October 28, 2015, Theravance, Inc. (the "Company") issued a press release and is holding a conference call regarding its results of operations and financial condition for the quarter ended September 30, 2015. A copy of the press release, which includes information regarding the Company's use of non-GAAP financial measures, is furnished as Exhibit 99.1 to this Current Report.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

(a) On October 22, 2015, the Board of Directors of the Company approved and adopted the Amended and Restated Bylaws of the Company (the "Bylaws"). The Bylaws include an update for a forum selection clause specifying Delaware as the sole and exclusive forum for derivative or breach of duty suits or proceedings, claims relative to the General Corporation Law of Delaware, the Certificate of Incorporation or Bylaws of the Company, or suits pertaining to the internal affairs of the Company.

The foregoing summary description of certain provisions of the Bylaws are qualified in their entirety by the full text of the Bylaws, a copy of which is filed as Exhibit 3.6 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 8.01. Other Events.

On October 28, 2015, the Company disclosed the information set forth below.

Share Repurchase Program

The Company announced today the acceleration of its capital return plan with a \$150 million share repurchase plan effective through the end of 2016 that was approved by the Company's Board of Directors. The Company currently intends to repurchase its shares over time through a combination of the tender offer referred to below and open market purchases, and may also repurchase shares through private transactions, exchange offers, additional tender offers or other means. The Company intends to fund this program using its working capital.

"Modified Dutch Auction" Tender Offer

Under the new share repurchase program, the Company announced that it plans to launch promptly a "modified Dutch auction" tender offer to purchase up to \$75 million of its common stock, at a price per share of not less than \$8.50 and not greater than \$9.25. The tender offer will be contingent upon satisfaction of customary conditions. Additional details regarding the pricing and other terms will be provided upon formal commencement of the tender offer.

The Company had approximately 117.4 million shares of common stock outstanding as of October 28, 2015.

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Information Regarding the Planned Tender Offer

This description is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the Company's common stock. The planned tender offer described in this Item 8.01 has not yet commenced, and there can be no assurance that the Company will commence the tender offer on the terms described in this Item 8.01 or at all. If the Company commences the tender offer, the tender offer will be made solely by an Offer to Purchase and the related Letter of Transmittal, as they may be amended or supplemented.

Stockholders and investors are urged to read any Tender Offer Statement on Schedule TO filed by the Company with the SEC in connection with the tender offer including the Offer to Purchase, the related Letter of Transmittal and other offer materials and exhibits thereto, as well as any amendments or supplements to the Schedule TO when they become available, because they will contain important information. If the Company commences the tender offer, it will file each of the documents referenced in this paragraph with the SEC, and, when available, investors may obtain them for free from the SEC at its website (www.sec.gov) or from the Company's information agent engaged in connection with the tender offer.

Note Regarding Share Repurchase Program

The Company's announcement of its share repurchase program does not obligate the Company to repurchase any specific dollar amount or number of its shares of common stock. The Company will determine when, if and how to proceed with any repurchase transactions under the program, as well as the amount of any such repurchase transactions, based upon, among other things, the results of the tender offer and the Company's evaluation of its liquidity and capital needs (including for strategic and other opportunities), its business, results of operations, and financial position and prospects, general financial, economic and market conditions, prevailing market prices for the Company's shares of common stock, corporate, regulatory and legal requirements, and other conditions and factors deemed relevant by the Company's management and Board of Directors from time to time. The share repurchase program may be suspended or discontinued at any time. There can be no assurance as to the actual volume of share repurchases in any given period or over the term of the program, if any, or as to the manner or terms of any such repurchases. The information in this Item 8.01 does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

3.6 Amended and Restated Bylaws of Theravance, Inc.
99.1 Press Release dated October 28, 2015

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THERAVANCE, INC.

Date: October 28, 2015

By: /s/ Eric d'Esparbes
Eric d'Esparbes
Chief Financial Officer

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EXHIBIT INDEX

**Exhibit
Number**

Description

| | |
|------|---|
| 3.6 | Amended and Restated Bylaws of Theravance, Inc. |
| 99.1 | Press Release dated October 28, 2015 |

AMENDED AND RESTATED
BYLAWS OF
THERAVANCE, INC.
A DELAWARE CORPORATION
(Amended and Restated October 22, 2015)

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ARTICLE I

OFFICES AND RECORDS

1.1 Delaware Office. The registered office of the Corporation in the State of Delaware shall be located in the City of Dover, County of Kent or such other office as may be designated by the Board of Directors.

1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

1.3 Books and Records. The books and records of the Corporation may be kept at the Corporation's headquarters in South San Francisco, California or at such other locations outside the State of Delaware as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

2.1 Annual Meeting. The annual meeting of the stockholders of the Corporation for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting shall be held at such date, place and time as the Board of Directors shall each year fix.

2.2 Special Meeting. Special meetings of stockholders of the Corporation, other than those required by statute, may be called only by the Chairman of the Board, the President or by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board or at the request in writing of stockholders owning at least sixty-six and two-thirds percent (66 2/3%) in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote generally in the election of directors (the "Voting Stock"). For purposes of these Amended and Restated Bylaws, the term "Whole Board" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships.

2.3 Place of Meeting. The Board of Directors may designate the place of meeting for any meeting of the stockholders. If no designation is made by the Board of Directors, the place of meeting shall be the principal office of the Corporation. Notwithstanding the foregoing, the Board of Directors may, in its sole discretion determine that the meeting shall not be held at any place, but shall be held solely by means of remote communication, subject to such guidelines and procedures as the Board of Directors may adopt, as permitted by applicable law.

2.4 Notice of Meeting. Except as otherwise required by law, written, printed or electronic notice stating the place, day and hour of the meeting and the purposes for which the meeting is called shall be prepared and delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail, or in the case of stockholders who have consented to such delivery, and whose consent has not been revoked or deemed revoked, by electronic transmission (as such term is defined in the Delaware General Corporation Law), to each stockholder of record of the Corporation (a "Record Stockholder") entitled to vote at such meeting; provided, however, that, notwithstanding the foregoing, notice for a meeting called at the request of the stockholders pursuant to Section 2.2 hereof shall be delivered by the Corporation not less than sixty (60) days nor more than ninety (90) days before the date of such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the U.S. mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. Notice given by electronic transmission shall be effective (A) if by facsimile, when faxed to a number where the stockholder has consented to receive notice; (B) if by electronic mail, when mailed electronically to an electronic mail address at which the stockholder has

consented to receive such notice; (C) if by posting on an electronic network together with a separate notice of such posting, upon the later to occur of (1) the posting or (2) the giving of separate notice of the posting; or (D) if by other form of electronic communication, when directed to the stockholder in the manner consented to by the stockholder. Meetings may be held without notice if all stockholders entitled to vote are present (except as otherwise provided by law), or if notice is waived by those not present. Any previously scheduled meeting of the stockholders may be postponed and (unless the Corporation's Amended and Restated Certificate of Incorporation, as such may be amended or restated from time to time (the "Certificate of Incorporation") otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

2.5 Quorum and Adjournment. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the voting power of the Voting Stock, represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series voting separately as a class or series, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum for the transaction of such business for the purposes of taking action on such business. No notice of the time and place of

adjourned meetings need be given provided such adjournment is for less than thirty (30) days and further provided that no new record date is fixed for the adjourned meeting.

2.6 Proxies. At all meetings of stockholders, a stockholder may vote by proxy as may be permitted by law, or by his duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his representative, or otherwise delivered telephonically or electronically as set forth in the applicable proxy statement, at or before the time of the meeting.

2.7 Notice of Stockholder Business and Nominations.

A. Nominations of persons for election to the Board of Directors and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders (1) pursuant to the Corporation's notice with respect to such meeting in accordance with the terms of that certain Governance Agreement by and among SmithKline Beecham Corporation, a Pennsylvania corporation ("GSK"), GlaxoSmithKline, plc, an English public limited company, and the Corporation (the "Governance Agreement"), (2) pursuant to the Corporation's proxy materials with respect to such meeting, (3) by or at the direction of the Board of Directors or (4) by any Record Stockholder who was a Record Stockholder at the time of the giving of the notice required in the following paragraph, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 2.7. For the avoidance of doubt, clause (4) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "Exchange Act")) at an annual meeting of stockholders.

B. For nominations or business to be properly brought before an annual meeting by a Record Stockholder pursuant to paragraph (A)(4) of this Section 2.7, (1) the Record Stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (2) any such business must be a proper matter for stockholder action under the Delaware General Corporation Law, (3) the Record Stockholder and the beneficial owner, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Notice (as defined in paragraph C(c)(iv) of this Section 2.7) required by these Bylaws. To be timely, a Solicitation Notice shall be received by the Secretary at the principal executive offices of the Corporation not less than forty five (45) or more than seventy five (75) days prior to the one-year anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of stockholders (the "Anniversary"); provided, however, subject to the last sentence of this paragraph (B) of this Section 2.7, if the annual meeting is convened more than thirty (30) days prior to or delayed by more than thirty (30) days after the one-year anniversary of the preceding year's annual meeting, notice by the Record Stockholder to be timely must be received not later than the close of business on the later of (x) the 90th day prior to such annual meeting or (y) the 10th day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything in the preceding sentence to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 10 days before the last day a Record Stockholder may deliver a notice of nomination in accordance with the

preceding sentence, a Solicitation Notice required by these Bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting commence a new time period for the giving of a Solicitation Notice.

C. Such Solicitation Notice shall set forth:

(a) if such notice pertains to the nomination of directors, as to each person whom the Record Stockholder proposes to nominate for election or reelection as a director all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Exchange Act, and such person's written consent to serve as a director if elected;

(b) as to any business that the Record Stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in such business of such Record Stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(c) as to (1) the Record Stockholder giving the notice and (2) the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "party"):

(i) the name and address of each such party, as they appear on the Corporation's books;

(ii) (A) the class, series, and number of shares of the Corporation that are owned beneficially and of record by each such party, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by each such party, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which either party has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation held by each such party (for purposes of this paragraph C of this Section 2.7, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by each such party that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which either party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) to which each such party is entitled based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of each such party's immediate family sharing the same household (which information set forth in this paragraph shall be supplemented by such stockholder or such beneficial owner, as the case may be, not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date);

(iii) any other information relating to each such party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act; and

(iv) a statement whether or not each such party will deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the

Corporation's Voting Stock required under applicable law to carry the proposal or, in the case of a nomination or nominations, at least the percentage of the Corporation's Voting Stock reasonably believed by the Record Stockholder or beneficial holder, as the case may be, to be sufficient to elect the nominee or nominees proposed to be nominated by the Record Stockholder (such statement, a "Solicitation Notice").

D. A person shall not be eligible for election or re-election as a director at an annual meeting unless (i) the person is nominated by a Record Stockholder in accordance with this Section 2.7 or (ii) the person is nominated by or at the direction of the Board of Directors. Only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. The chair of the meeting shall have the power and the duty to determine whether a nomination or any business proposed to be brought before the meeting has been made in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defectively proposed business or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

E. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. The notice of such special meeting shall include the purpose for which the meeting is called. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors in accordance with the Governance Agreement or (2) by any Record Stockholder of the Corporation who is a Record Stockholder at the time of giving of notice provided for in this paragraph, who shall be entitled to vote at the meeting and who delivers a written notice to the Secretary of the Corporation setting forth the information required by clauses (a) and (c) of paragraph (C) of this Section 2.7. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders only if such Solicitation Notice required by the preceding sentence shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period for the giving of a Solicitation Notice. A person shall not be eligible for election or reelection as a director at a special meeting unless the person is nominated (i) by or at the direction of the Board of Directors or (ii) by a Record Stockholder in accordance with the notice procedures set forth in this paragraph E of this Section 2.7.

F. For purposes of this Section 2.7, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

G. Notwithstanding the foregoing provisions of this Section 2.7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to matters set forth in this Section 2.7. Nothing in this Section 2.7 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

2.8 Procedure for Election of Directors. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot, and, except as otherwise set forth in the Certificate of Incorporation with respect to the right of the holders of any series of Preferred Stock or any other series or class of stock to elect additional directors under specified circumstances, a plurality of the votes cast thereat shall elect directors. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by the affirmative vote of a majority of the voting power of the outstanding Voting Stock present in person or represented by proxy at the meeting and entitled to vote thereon.

2.9 Inspectors of Elections; Opening and Closing the Polls.

A. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairperson of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the Delaware General Corporation Law.

B. The chairperson of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

2.10 Conduct of Meeting.

A. The President shall preside at all meetings of the stockholders. In the absence of the President, the Chairman of the Board shall preside at a meeting of the stockholders. In the absence of both the President and the Chairman of the Board, the Secretary shall preside at a meeting of the stockholders. In the anticipated absence of all officers designated to preside over the meetings of stockholders, the Board of Directors may designate an individual to preside over a meeting of the stockholders.

B. The chairperson of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

C. The Board of Directors may, to the extent not prohibited by law, adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairperson of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairperson of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairperson of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof and (v) limitations on the time allotted to questions or comments by participants. Unless, and to the extent, determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 Consent of Stockholders in Lieu of Meeting. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

ARTICLE III

BOARD OF DIRECTORS

3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them

by statute or by the Certificate of Incorporation or by these Bylaws, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

3.2 Number, Tenure and Qualifications. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board and shall not be inconsistent with the terms of the Governance Agreement; provided, however, at any time following the date that GSK's Percentage Interest (as defined in the Governance Agreement) is 50.1% or greater, the number of directors which shall constitute the whole board shall not be less than nine (9), or any greater number that is divisible by three (3). The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 3.9 of this Article III, and each director elected shall hold office until his successor is elected and qualified, unless sooner displaced. Any term of directorship of any GSK Director or GSK Nominee (as such terms are defined in the Governance Agreement) shall automatically cease upon the events described in the Governance Agreement requiring the resignation of such director.

3.3 Regular Meetings. The Board of Directors may, by resolution, provide the time and place for the holding of regular meetings of the Board of Directors.

3.4 Special Meetings. Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the President or a majority of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

3.5 Action By Unanimous Consent of Directors. The Board of Directors may take action without the necessity of a meeting by unanimous consent of directors. Such consent may be in writing or given by electronic transmission, as such term is defined in the Delaware General Corporation Law.

3.6 Notice. Notice of any special meeting shall be given to each director at his business or residence in writing, or by telegram, facsimile transmission, telephone communication or electronic transmission (provided, with respect to electronic transmission, that the director has consented to receive the form of transmission at the address to which it is directed). If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four (24) hours before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be transmitted at least twenty-four (24) hours before such meeting. If by telephone, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 8.1 of Article VIII hereof. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing or by electronic transmission, either before or after such meeting.

3.7 Conference Telephone Meetings. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

3.8 Quorum. A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

3.9 Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall, unless otherwise provided by law or by resolution of the Board of Directors, be filled in

accordance with the Governance Agreement and only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders or until such director's successor shall have been duly elected and qualified. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

3.10 Committees.

A. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation, the composition of which shall be in compliance with the Governance Agreement. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no committee shall have power or authority in reference to the following matters: (1) approving, adopting or recommending to stockholders any action or matter required by law to be submitted to stockholders for approval or (2) adopting, amending or repealing any bylaw.

B. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to these Bylaws.

3.11 Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE IV

OFFICERS

4.1 Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, a Chief Executive Officer, a Secretary, a Treasurer, and such other officers as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from the directors. All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

4.2 Election and Term of Office. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Subject to Section 4.7 of these Bylaws, each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign.

4.3 Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board.

4.4 President and Chief Executive Officer. The President and Chief Executive Officer shall be the general manager of the Corporation, subject to the control of the Board of Directors, and as such shall, subject to Section 2.10(A) hereof, preside at all meetings of stockholders, shall have general supervision of the affairs of the Corporation, shall sign or countersign or authorize another officer to sign all certificates, contracts, and other instruments of the Corporation as authorized by the Board of Directors, shall make reports to the Board of Directors and stockholders, and shall perform all such other duties as are incident to such office or are properly required by the Board of Directors. If the Board of Directors creates the office of Chief Executive Officer as a separate office from President, (i) the President shall be the chief operating officer of the corporation and shall be subject to the general supervision, direction, and control of the Chief Executive Officer unless the Board of Directors provides otherwise, and (ii) except for this Section 4.4, all references herein to the "President" shall be deemed to refer to the Chief Executive Officer.

4.5 Secretary. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors and all other notices required by law or by these Bylaws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board or the President, or by the Board of Directors, upon whose request the meeting is called as provided in these Bylaws. He shall record all the proceedings of the meetings of the Board of Directors, any committees thereof and the stockholders of the Corporation in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Board of Directors, the Chairman of the Board or the President. He shall have custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when authorized by the Board of Directors, the Chairman of the Board or the President, and attest to the same.

4.6 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors the Chairman of the Board, or the President, taking proper vouchers for such disbursements. The Treasurer shall render to the Chairman of the Board, the President and the Board of Directors, whenever requested, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

4.7 Removal. Any officer elected by the Board of Directors may be removed by the Board of Directors whenever, in their judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation

by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or an employee plan.

4.8 Vacancies. A newly created office and a vacancy in any office because of death, resignation, or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors.

ARTICLE V

STOCK CERTIFICATES AND TRANSFERS

5.1 Stock Certificates and Transfers.

A. The shares of the Corporation's stock may be certificated or uncertificated, as provided under the Delaware General Corporation Law. Any certificates representing shares of stock shall be in such form as the appropriate officers of the Corporation may from time to time prescribe. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a

new certificate or evidence of the issuance of uncertificated shares to the stockholder entitled thereto, cancel the old certificate and record the transaction upon the Corporation's books. Upon the receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled, issuance of new equivalent uncertificated shares or certificated shares shall be made to the stockholder entitled thereto and the transaction shall be recorded upon the books of the Corporation.

B. Any stock certificates shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

ARTICLE VI

INDEMNIFICATION

6.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), where the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 6.3 hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

6.2 Right to Advancement of Expenses. The right to indemnification conferred in Section 6.1 shall include the right to be paid by the Corporation the expenses incurred in defending any proceeding for which such right to indemnification is applicable in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise.

6.3 Right of Indemnitee to Bring Suit. The rights to indemnification and to the advancement of expenses conferred in Section 6.1 and Section 6.2, respectively, shall be contract rights. If a claim under Section 6.1 or Section 6.2 is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (A) any suit brought by the

indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (B) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the

Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise shall be on the Corporation.

6.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under the Certificate of Incorporation, these Amended and Restated Bylaws, or any statute, agreement, vote of stockholders or disinterested directors or otherwise.

6.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

6.6 Effect of Amendment. Any amendment or repeal of this Article VI shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

ARTICLE VII

MISCELLANEOUS PROVISIONS

7.1 Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

7.2 Dividends. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Certificate of Incorporation.

7.3 Seal. The corporate seal shall have inscribed the name of the Corporation thereon and shall be in such form as may be approved from time to time by the Board of Directors.

7.4 Waiver of Notice. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the Delaware General Corporation Law, a waiver thereof in writing, signed by the person or persons entitled to such notice or a waiver by electronic transmission, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders of the Board of Directors need be specified in any waiver of notice of such meeting.

7.5 Audits. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be made annually.

7.6 Resignations. Any director or any officer, whether elected or appointed, may resign at any time by serving written notice of such resignation on the Chairman of the Board, the President or the Secretary, or by submitting such resignation by electronic transmission (as such term is defined in the Delaware General Corporation Law), and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President, or the Secretary or at such later date as is stated therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

7.7 Contracts. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, any contracts or other instruments may be executed and delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board may determine. The Chairman of the Board, the President or any Vice President may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the President or any Vice President of the Corporation may delegate contractual powers to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

7.8 Proxies. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the President or any Vice President may from time to time appoint any attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock and other securities of such other corporation or other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

8.1 Amendments. Subject to the provisions of the Certificate of Incorporation, these Bylaws may be adopted, amended or repealed at any meeting of the Board of Directors by a resolution adopted by a majority of the Whole Board, provided notice of the proposed change was given in the notice of the meeting in a notice given no less than twenty-four (24) hours prior to the meeting. Subject to the provisions of the Certificate of Incorporation, the stockholders shall also have power to adopt, amend or repeal these Bylaws, provided that notice of the proposed change was given in the notice of the meeting and provided further that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these Bylaws.

ARTICLE IX

FORUM SELECTION

9.1 Forum Selection. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the

sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the Corporation, (2) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (3) any action arising pursuant to any provision of the Delaware General Corporation Law or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time), or (4) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.1.

9.2 Personal Jurisdiction. If any action the subject matter of which is within the scope of Section 9.1 immediately above is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Section 9.1 immediately above (an "FSC Enforcement Action") and (ii) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

**CERTIFICATE OF SECRETARY OF
THERAVANCE, INC.**

The undersigned, Jay K. Hachigian, hereby certifies that he is the duly elected and acting Secretary of Theravance, Inc., a Delaware corporation (the "Corporation"), and that the Bylaws attached hereto constitute the Bylaws of said Corporation as duly adopted by the Board of Directors on October 22, 2015.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his name this 22nd day of October 2015.

/s/ Jay K. Hachigian
Jay K. Hachigian,
Secretary



Theravance Reports Third Quarter 2015 Financial Results

US BREO® ELLIPTA® sales up by more than 40% in U.S. market quarter over quarter

Initiates a \$150 million stock repurchase program to accelerate the company's capital return plan

Announces intent to launch a "modified Dutch auction" tender offer promptly

Company to host conference call and webcast today at 5:00 p.m. EDT

SOUTH SAN FRANCISCO, Calif., October 28, 2015 — Theravance, Inc. (NASDAQ: THRX) today reported financial results for the third quarter ended September 30, 2015. Royalties from sales of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® earned from Glaxo Group Limited (GSK) during the third quarter of 2015 were \$16.8 million, a quarter-over-quarter increase of 21 percent compared to the second quarter of 2015. Income from operations increased to \$8.4 million in the third quarter of 2015, compared to \$5.1 million in the second quarter, while adjusted EBITDA for the third quarter of 2015 increased to \$13.4 million compared to \$10.4 million in the second quarter of 2015. Net loss for the third quarter 2015 was \$4.6 million or \$0.04 per share. Cash and cash equivalents, short-term investments, and marketable securities totaled \$206.2 million as of September 30, 2015.

"We saw positive trends in prescriptions and market share for both RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® in the third quarter, even though summer traditionally is a slower season for COPD and Asthma products," said Michael W. Aguiar, President and Chief Executive Officer of Theravance. "In 2016, we expect improved reimbursement which includes coverage for BREO at CVS Caremark and ExpressScripts. As a result, we remain optimistic about 2015 and 2016, are comfortable with our accelerated capital return plan, and look forward to the continued growth of our respiratory franchise."

Theravance also announced today the acceleration of its capital return plan with a \$150 million share repurchase plan effective through the end of 2016 that was approved by the company's Board of Directors, replacing its quarterly dividend. The company currently intends to repurchase its shares over this period through a combination of a tender offer and open market purchases, and may also repurchase shares through private transactions, exchange offers, additional tender offers or other means. The repurchase program will be funded using Theravance's working capital. The repurchase program may be suspended or discontinued at any time. Theravance had approximately 117.4 million shares of common stock outstanding as of October 27, 2015.

As part of the repurchase plan, Theravance plans to launch promptly a "modified Dutch auction" tender offer to purchase up to \$75 million of its common stock, at a price per share of not less than \$8.50 and not greater than \$9.25. The tender offer will be contingent upon satisfaction of customary conditions. Additional details regarding the pricing and other terms will be provided upon formal commencement of the tender offer.

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Mr. Aguiar continued, "We are constantly evaluating ways to maximize value for our stockholders and after carefully reviewing the positive trend in sales of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® in the third quarter of 2015, our expectations for additional sales growth expected for the rest of this year and 2016, and the current share price of our common stock, we believe that an acceleration of our capital return plan through a share repurchase plan will result in the most significant enhancement for our stockholders at this time. This share repurchase plan coupled with our ongoing collaboration with GSK to maximize the value of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® is designed to allow us to optimize long-term stockholder value."

Highlights

- Theravance paid a cash dividend of \$0.25 per share on September 30, 2015 to stockholders of record as of the close of business on September 10, 2015.
- In the third quarter of 2015, net sales of RELVAR®/BREO® ELLIPTA® by GSK were \$97.8 million, comprised of \$40.4 million in the U.S. market (an increase of 44 percent from the prior quarter in the U.S.) and \$57.4 million in non-U.S. markets (a smaller increase of 7 percent from the prior quarter primarily due to slower summer sales in Europe).
- As of September 30, 2015, RELVAR®/BREO® ELLIPTA® has been approved in 73 countries for marketing and has been launched in 42 countries.
- In the third quarter of 2015, sales of ANORO® ELLIPTA® by GSK were \$32.7 million, an increase of approximately 38 percent compared to the prior quarter. Sales were \$22.0 million in the U.S. market (an increase of 23 percent from the prior quarter) and \$10.7 million in non-U.S. markets (an increase of 82% from the prior quarter).
- As of September 30, 2015, ANORO® ELLIPTA® has been approved in 61 countries for marketing and has been launched in 33 countries.

Financial Results for the Third Quarter vs. Second Quarter of 2015

Total revenue for the third quarter of 2015 was \$13.6 million, which primarily resulted from royalties of \$16.8 million from net sales of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA®, representing a 21 percent quarter over quarter increase. The majority of royalties were driven by sales of RELVAR®/BREO® ELLIPTA®.

Research and development expenses for the third quarter of 2015 were \$0.5 million compared with \$0.6 million for the second quarter of 2015. General and administrative expenses for the third quarter of 2015 were \$4.6 million compared with \$4.9 million in the second quarter of 2015.

Income from operations increased by 65 percent to \$8.4 million for the third quarter of 2015 compared to \$5.1 million in the previous quarter. Adjusted EBITDA was \$13.4 million for the third quarter of 2015 compared to \$10.4 million for the second quarter of 2015. Net loss for the third quarter 2015 was

\$4.6 million or \$0.04 per share compared to \$7.8 million or \$0.07 per share in the second quarter of 2015.

Cash and cash equivalents, short-term investments and marketable securities totaled \$206.2 million as of September 30, 2015.

2014 Spin-Off

On June 1, 2014, Theravance separated its late-stage partnered respiratory assets from its biopharmaceutical research and drug development operations by transferring its research and drug development operations into Theravance Biopharma, Inc., a then wholly-owned subsidiary. The spin-off resulted in Theravance Biopharma becoming an independent, publicly traded company.

The results of operations for Theravance's former research and drug development operations, Theravance Biopharma, prior to the spin-off of those operations on June 1, 2014, are included as part of the condensed consolidated statements of operations as discontinued operations.

Information Regarding the Planned Tender Offer

The discussion of the planned tender offer is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the company's common stock. The tender offer described in this press release has not yet commenced, and there can be no assurance that the company will commence the tender offer on the terms described in this press release or at all. If the company commences the tender offer, the tender offer will be made solely by an Offer to Purchase and the related Letter of Transmittal, as they may be amended or supplemented. Stockholders and investors are urged to read any Tender Offer Statement on Schedule TO, filed by the company with the SEC in connection with the tender offer including the Offer to Purchase, the related Letter of Transmittal and other materials and exhibits thereto, as well as any amendments or supplements to the Schedule TO when they become available, because they will contain important information. If the company commences the tender offer, it will file each of the documents referenced in this paragraph with the SEC, and, when available, investors may obtain them for free from the SEC at its website (www.sec.gov) or from the information agent engaged by the company in connection with the tender offer.

Note Regarding Share Repurchase Program

The company's announcement of its share repurchase program does not obligate the company to repurchase any specific dollar amount or number of its shares of common stock. The company will determine when, if and how to proceed with any repurchase transactions under the program, as well as the amount of any such repurchase transactions, based upon, among other things, the results of the tender offer and the company's evaluation of its liquidity and capital needs (including for strategic and other opportunities), its business, results of operations, and financial position and prospects, general financial, economic and market conditions, prevailing market prices for the company's shares of common stock, corporate, regulatory and legal requirements, and other conditions and factors deemed relevant by the company's management and Board of Directors from time to time. The share repurchase program may be suspended or discontinued at any time. There can be no assurance as to the actual volume of share repurchases in any given period or over the term of the program, if any, or as to the manner or terms of any such repurchases. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Conference Call and Webcast Information

Theravance has scheduled a conference call for today at 5:00 p.m. Eastern Daylight Time. To participate in the live call by telephone, please dial (877) 837-3908 from the U.S., or (973) 890-8166 for international callers. Those interested in listening to the conference call live via the Internet may do so by visiting Theravance's website at www.thrxinc.com. To listen to the live call via the Internet, please go to the website 15 minutes prior to its start to register, download and install any necessary audio software.

A replay of the conference call will be available on Theravance's website for 30 days. An audio replay will also be available by dialing dialing (855) 859-2056 from the U.S., or (404) 537-3406 for international callers, and entering confirmation code 61360060.

Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with generally accepted accounting principles in the United States, or GAAP, Theravance uses the non-GAAP financial measure of adjusted EBITDA. A reconciliation of this non-GAAP financial measure to the closest GAAP financial measure is presented in the financial table below under the headings "Reconciliation of Non-GAAP Financial Measures to GAAP."

Theravance believes that the non-GAAP financial information provided in this release can assist investors in understanding and assessing Theravance's ongoing operations and prospects for the future and provides an additional tool for investors to use in comparing Theravance's financial results with other companies in Theravance's industry or with similar operating profiles. Adjusted EBITDA is used as a supplemental financial measure by Theravance's management and also occasionally by external users of its financial statements, such as investors, commercial banks, research analysts and others, to assess:

- the financial performance of Theravance's assets without regard to financing methods, capital structure or historical cost basis;
- the ability of Theravance's assets to generate cash sufficient to pay interest costs and support its indebtedness; and
- Theravance's operating performance and return on investment as compared to those of other companies, without regard to financing or capital structures.

Adjusted EBITDA is determined by taking GAAP net income from operations and adding back stock-based compensation expense from continuing operations, depreciation expense from continuing operations and amortization of capitalized fees paid to a related party. Theravance's method of computing adjusted EBITDA may not be the same method used to compute similar measures reported by other companies.

Adjusted EBITDA should not be considered in isolation or as a substitute to net income (loss), income (loss) from operations, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. Adjusted EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution. The principal limitation of this non-GAAP financial measure is that it excludes significant elements that are required by GAAP to be recorded in Theravance's consolidated financial statements. In addition, it is subject to inherent limitations as it reflects the exercise of judgments by management in determining these non-GAAP financial measures. In order to compensate for these limitations, management of Theravance presents its non-GAAP financial measures in connection with its GAAP results. Investors are encouraged to review the reconciliation of Theravance's non-GAAP financial measures to their most directly comparable GAAP financial measure.

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About Theravance

Theravance, Inc. is focused on bringing compelling new medicines to patients in areas of unmet need by leveraging its significant expertise in the development, commercialization and financial management of bio-pharmaceuticals. Theravance's portfolio is anchored by the respiratory assets partnered with Glaxo Group Limited (GSK), including RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA®, which were jointly developed by Theravance and GSK. Under the agreement with GSK, Theravance is eligible to receive associated royalty revenues from RELVAR®/BREO® ELLIPTA®, ANORO® ELLIPTA® and, if approved and commercialized, VI monotherapy, as well. In addition, Theravance retains a 15 percent economic interest in future payments made by GSK for earlier-stage programs partnered with Theravance BioPharma, Inc. For more information, please visit Theravance's web site at www.thrxinc.com.

ANORO®, RELVAR®, BREO® and ELLIPTA® are trademarks of the GlaxoSmithKline group of companies.

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Forward Looking Statements

This press release contains and the conference call will contain certain "forward-looking" statements regarding, among other things, statements relating to goals, plans, objectives and future events. Such forward-looking statements involve substantial risks, uncertainties and assumptions. Examples of such statements include statements relating to: the commercialization of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® in the jurisdictions in which these products have been approved, the strategies, plans and objectives of the company (including the company's growth strategy and corporate development initiatives beyond the existing respiratory portfolio), the timing, manner and amount of anticipated potential capital returns to stockholders (including without limitation statements, the company's share repurchase plan, the company's planned tender offer and expectations of future cash dividends and the potential for future share repurchases), the status and timing of clinical studies, data analysis and communication of results, the potential benefits and mechanisms of action of product candidates, expectations for product candidates through development and commercialization, the timing of seeking regulatory approval of product candidates, and projections of revenue, expenses and other financial items. These statements are based on the current estimates and assumptions of the management of Theravance as of the date of this press release and the conference call and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results of Theravance to be materially different from those reflected in the forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among others, risks related to: lower than expected future royalty revenue from respiratory products partnered with GSK, delays or difficulties in commencing or completing clinical studies, the potential that results from clinical or non-clinical studies indicate product candidates are unsafe or ineffective, dependence on third parties to conduct its clinical studies, delays or failure to achieve and maintain regulatory approvals for product candidates, and risks of collaborating with third parties to discover, develop and commercialize products. Other risks affecting Theravance are described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Theravance's Annual Report on Form 10-K for the year ended December 31, 2014 and Theravance's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, which are on file with the Securities and Exchange Commission (SEC) and available on the SEC's website at www.sec.gov. Additional information will also be set forth in those sections of Theravance's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, which will be filed with the SEC in the fourth quarter of 2015. In addition to the risks described above and in Theravance's other filings with the SEC, other unknown or unpredictable factors also could affect Theravance's results. No forward-looking statements can be guaranteed and actual results may differ materially from such statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Theravance assumes no obligation to update its forward-looking statements on account of new information, future events or otherwise, except as required by law.

(THRX-F)

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Theravance, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

| Three Months Ended | |
|-----------------------|------------------|
| September 30, 2015 | June 30, 2015 |

| | (unaudited) | |
|---|-------------------|-------------------|
| Revenue: | | |
| Royalty revenue from a related party, net | \$ 13,341 | \$ 10,434 |
| Revenue from collaborative arrangements from a related party, net | 221 | 221 |
| Total revenue | <u>13,562</u> | <u>10,655</u> |
| Operating expenses: | | |
| Research and development | 547 | 638 |
| General and administrative | 4,581 | 4,909 |
| Total operating expenses | <u>5,128</u> | <u>5,547</u> |
| Income from operations | 8,434 | 5,108 |
| Other income (expense), net | (45) | (16) |
| Interest income | 90 | 85 |
| Interest expense | (13,063) | (12,987) |
| Net loss | <u>\$ (4,584)</u> | <u>\$ (7,810)</u> |
| Basic and diluted net loss per share: | \$ (0.04) | \$ (0.07) |
| Cash dividends declared per common share | <u>\$ 0.25</u> | <u>\$ 0.25</u> |
| Shares used to compute basic and diluted net loss per share | <u>115,787</u> | <u>115,309</u> |

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THERAVANCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|--------------------|------------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| Revenue: | | | | |
| Royalty revenue from a related party, net | \$ 13,341 | \$ 729 | \$ 30,449 | \$ 342 |
| Revenue from collaborative arrangements from a related party, net | 221 | 270 | 664 | 811 |
| Total revenue (1) | <u>13,562</u> | <u>999</u> | <u>31,113</u> | <u>1,153</u> |
| Operating expenses: | | | | |
| Research and development (2) | 547 | 1,909 | 1,897 | 6,721 |
| General and administrative (2) | 4,581 | 8,632 | 14,929 | 28,491 |
| Total operating expenses | <u>5,128</u> | <u>10,541</u> | <u>16,826</u> | <u>35,212</u> |
| Income (Loss) from operations | 8,434 | (9,542) | 14,287 | (34,059) |
| Other income (expense), net | (45) | 255 | 1,117 | 335 |
| Interest income | 90 | 93 | 291 | 446 |
| Interest expense | (13,063) | (12,355) | (38,756) | (24,326) |
| Loss from continuing operations before income taxes | (4,584) | (21,549) | (23,061) | (57,604) |
| Income tax benefit | — | 278 | — | — |
| Loss from continuing operations, net of tax | (4,584) | (21,271) | (23,061) | (57,604) |
| Loss from discontinued operations | — | — | — | (94,934) |
| Net loss | <u>\$ (4,584)</u> | <u>\$ (21,271)</u> | <u>\$ (23,061)</u> | <u>\$ (152,538)</u> |
| Basic and diluted net loss per share: | | | | |
| Continuing operations | \$ (0.04) | \$ (0.19) | \$ (0.20) | \$ (0.52) |
| Discontinued operations | — | — | — | (0.85) |
| Basic and diluted net loss per share | <u>\$ (0.04)</u> | <u>\$ (0.19)</u> | <u>\$ (0.20)</u> | <u>\$ (1.37)</u> |
| Cash dividends declared per common share | <u>\$ 0.25</u> | <u>\$ 0.25</u> | <u>\$ 0.75</u> | <u>\$ 0.25</u> |
| Shares used to compute basic and diluted net loss per share | <u>115,787</u> | <u>113,100</u> | <u>115,381</u> | <u>111,306</u> |

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(1) Revenue is comprised of the following (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|---------------|------------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| Royalties from a related party | \$ 16,796 | \$ 3,962 | \$ 40,816 | \$ 7,953 |
| Amortization of capitalized fees paid to a related party | (3,455) | (3,233) | (10,367) | (7,611) |
| Royalty revenue | 13,341 | 729 | 30,449 | 342 |
| Strategic alliance - MABA program | 221 | 270 | 664 | 811 |
| Total revenue from a related party | <u>\$ 13,562</u> | <u>\$ 999</u> | <u>\$ 31,113</u> | <u>\$ 1,153</u> |

(2) Amounts include stock-based compensation expense as follows (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------------|------------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| Research and development | \$ 220 | \$ 1,357 | \$ 687 | \$ 2,589 |
| General and administrative | 1,248 | 3,375 | 4,536 | 11,795 |
| Discontinued operations | — | — | — | 11,629 |
| Total stock-based compensation expense | <u>\$ 1,468</u> | <u>\$ 4,732</u> | <u>\$ 5,223</u> | <u>\$ 26,013</u> |

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Theravance, Inc.
Consolidated Balance Sheet Data
(in thousands)

| | September 30, 2015 (unaudited) | December 31, 2014 (1) |
|--|--------------------------------------|-----------------------------|
| Assets | | |
| Cash, cash equivalents and marketable securities | \$ 206,192 | \$ 283,354 |
| Other current assets | 17,562 | 11,684 |
| Property and equipment, net | 248 | 324 |
| Capitalized fees paid to a related party, net | 197,824 | 208,191 |
| Other assets | 15,805 | 18,101 |
| Total assets | <u>\$ 437,631</u> | <u>\$ 521,654</u> |
| Liabilities and stockholders' deficit | | |
| Other current liabilities | \$ 4,003 | \$ 4,067 |
| Payable to Theravance Biopharma, Inc. | — | 1,056 |
| Accrued interest payable | 6,390 | 7,551 |
| Deferred revenue | 4,205 | 4,870 |
| Convertible subordinated notes | 255,109 | 255,109 |
| Non-recourse notes payable, due 2029 | 488,976 | 470,527 |
| Other long-term liabilities | 1,947 | 1,823 |
| Stockholders' deficit | (322,999) | (223,349) |
| Total liabilities and stockholders' deficit | <u>\$ 437,631</u> | <u>\$ 521,654</u> |

(1) The selected consolidated balance sheet amounts at December 31, 2014 are derived from audited financial statements.

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Non-GAAP Financial Measures

As previously mentioned, a reconciliation of adjusted EBITDA to its most directly comparable GAAP measures has been provided in the table below:

THERAVANCE, INC.
Reconciliation of GAAP to Non-GAAP Operating Results
(in thousands)

| | Three Months Ended | |
|---|-----------------------|------------------|
| | September 30, 2015 | June 30, 2015 |
| | (unaudited) | |
| Reconciliation from GAAP net income from operations to adjusted EBITDA: | | |
| GAAP net income from operations | \$ 8,434 | \$ 5,108 |

| | | |
|--|------------------|------------------|
| Non-GAAP adjustments: | | |
| Stock-based compensation | 1,468 | 1,822 |
| Depreciation | 28 | 27 |
| Amortization of capitalized fees paid to a related party | 3,455 | 3,456 |
| Adjusted EBITDA | <u>\$ 13,385</u> | <u>\$ 10,413</u> |

THERAVANCE, INC.
Reconciliation of GAAP to Non-GAAP Operating Results
(in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-------------------|------------------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (unaudited) | | (unaudited) | |
| Reconciliation from GAAP net income (loss) from operations to adjusted EBITDA: | | | | |
| GAAP net income (loss) from operations | \$ 8,434 | \$ (9,542) | \$ 14,287 | \$ (34,059) |
| Non-GAAP adjustments: | | | | |
| Stock-based compensation from continuing operations | 1,468 | 4,732 | 5,223 | 14,384 |
| Depreciation from continuing operations | 28 | — | 82 | — |
| Amortization of capitalized fees paid to a related party | 3,455 | 3,233 | 10,367 | 7,611 |
| Adjusted EBITDA | <u>\$ 13,385</u> | <u>\$ (1,577)</u> | <u>\$ 29,959</u> | <u>\$ (12,064)</u> |