

---

---

**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): **March 7, 2017**

---

**INNOVIVA, 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)

**2000 Sierra Point Parkway, Suite 500  
Brisbane, California 94005  
(650) 238-9600**

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

(Former name or former address, if changed since last report)

---

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:

- 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))
- 
- 

**ITEM 8.01 OTHER EVENTS**

On March 7, 2017, Innoviva, Inc. (“Innoviva” or the “Company”) issued a press release (the “Press Release”) in response to the notice of nomination made by Sarissa Capital Domestic Fund LP and certain of its affiliates (together, “Sarissa”) regarding its intention to nominate four director candidates for election to Innoviva’s Board of Directors (the “Board of Directors”) at the Company’s 2017 Annual Meeting of Stockholders (the “Annual Meeting”) described in this Current Report on Form 8-K. A copy of this press release is filed hereto as Exhibit 99.1. The Company also posted to the Company’s website an infographic which contains information on the Company’s fiscal year 2016 financial results. A copy of this infographic is filed as Exhibit 99.2. The Company’s stockholders are not required to take any action at this time.

In light of Sarissa’s intention to nominate four director candidates for election to Innoviva’s Board of Directors at the Annual Meeting, the Company is updating the risk factors that appear under the heading “Risks Related to Ownership of Our Common Stock” in all quarterly and annual reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), subsequent to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. The following risk factor shall be incorporated by reference into all of the Company’s registration statements under the Securities Act. Investors in our common stock should carefully consider this risk factor below as well as all other risk factors disclosed in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and the other information disclosed by us before making an investment decision.

***Our business could be negatively affected as a result of the actions of activist stockholders, including a potential proxy contest at our 2017 annual meeting of stockholders (the “Annual Meeting”).***

Proxy contests have been waged against many companies in the biopharmaceutical industry over the last several years. We have been the subject of actions taken by activist stockholders. On February 8, 2017, Sarissa Capital Domestic Fund LP and certain of its affiliates (together, “Sarissa”), which on that date reported beneficial ownership of approximately 3.9% of our outstanding common stock, delivered a notice (the “Notice”), dated February 7, 2017, to the Company indicating Sarissa’s intent to nominate four candidates to stand for election as directors at the Annual Meeting. In the Notice, Sarissa also notified us that it would present for a vote of stockholders a proposal calling for repeal of any provision of our amended and restated bylaws in effect at the time of the Annual Meeting that was not included in our amended and restated bylaws publicly filed with the SEC on or prior to February 6, 2017.

Following a thorough review of Sarissa’s nominees by our Board of Directors and the Nominating/Corporate Governance Committee of our Board of Directors, our Board of Directors unanimously recommends that you vote for all of the Board of Directors’ nominees and against all of Sarissa’s nominees. As a result of Sarissa’s Notice, or if other activist activities ensue, the Company may be engaged in a proxy contest at the Annual Meeting. Responding to a proxy contest or other similar actions by activist stockholders would require us to incur significant professional fees (including, but not limited to, legal fees, fees for financial advisors, fees for investor relations advisors, and proxy solicitation expenses) and the time-consuming nature of any such response may significantly divert the attention of management, the Board of Directors and our employees. Further, any perceived uncertainties as to our future direction and control resulting from any proxy contest or similar actions by activist stockholders could result in the loss of potential business opportunities and may make it more difficult to attract and retain qualified personnel and business partners, any of which could adversely affect our business and operating results.

Even if we are successful in any proxy contest, including the potential proxy contest against Sarissa, our business could be adversely affected by any such proxy contest because:

- responding to proxy contests and other actions by activist stockholders can be costly (resulting in significant professional fees and proxy solicitation expenses) and time-consuming, disrupting operations and diverting the attention of our Board of Directors, management and employees;

2

- 
- perceived uncertainties as to future direction may result in the loss of potential acquisitions, collaborations or other strategic opportunities, and may make it more difficult to attract and retain qualified personnel and business partners;
  - if individuals are elected to our Board of Directors with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders; and
  - if individuals are elected to our Board of Directors who do not agree with our strategic plan, the ability of our Board of Directors to function effectively could be adversely affected, which could in turn adversely affect our business, operating results and financial condition.

Uncertainties related to, or the results of, such actions could cause our stock price to experience periods of volatility.

In addition, under certain circumstances arising out of or related to a proxy contest or threatened proxy contest or the nomination of directors by an activist stockholder, a change in the composition of our Board of Directors may (1) trigger the requirement that we make an offer to repurchase all of our outstanding 2.125% Convertible Subordinated Notes due 2023 (the “Notes”) at a price equal to 100% of the principal and unpaid interest on such Notes, (2) constitute a change in control under the terms of our severance plans, which provide for payment of severance if a covered executive officer is subject to an involuntary termination within 3 months prior to or 24 months after a change in control of the Company and (3) constitute a change in control under the terms of certain of the Company’s equity award grants and equity plans for its employees, and depending on the terms of the award or plan, may result in the accelerated vesting of such award. In the event we were required to offer to repurchase all of the Notes, which as of December 31, 2016 had an aggregate outstanding principal of approximately \$241.0 million, we would be required to obtain additional financing. As of December 31, 2016, we had cash, cash equivalents, and marketable securities of \$150.4 million. We cannot assure stockholders that we would be able to timely obtain such financing on commercially reasonable terms, if at all. To the extent that additional capital is raised through the sale of equity or equity-linked securities, the issuance of those securities could result in substantial dilution for our current stockholders and the terms may include liquidation or other preferences that adversely affect the rights of our current stockholders. Furthermore, the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our common stock to decline and existing stockholders may not agree with our financing plans or the terms of such financings. We also could be required to seek funds through arrangements with partners or otherwise that may require us to relinquish rights to our intellectual property, our product candidates or otherwise agree to terms unfavorable to us. The occurrence of any of the foregoing events could materially adversely affect our business

**Important Additional Information and Where to Find It**

The Company, its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from stockholders in connection with the Company’s 2017 annual meeting of stockholders (the “2017 Annual Meeting”). On March 7, 2017, the Company filed a preliminary proxy statement with the U.S. Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies for the 2017 Annual Meeting. Prior to the 2017 Annual Meeting, the Company will furnish a definitive proxy statement to its stockholders (the “2017 Proxy Statement”), together with a WHITE proxy card. STOCKHOLDERS ARE URGED TO READ THE 2017 PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Additional information regarding the identity of these potential participants and their direct or indirect interests, by security holdings or otherwise, is set forth in the preliminary proxy statement for the 2017 Annual Meeting and will be set forth in the 2017 Proxy Statement and other materials to be filed with the SEC in connection with the 2017 Annual Meeting.

3

---

Stockholders will be able to obtain, free of charge, copies of the 2017 Proxy Statement, any amendments or supplements thereto and any other documents (including the WHITE proxy card) when filed by the Company with the SEC in connection with the 2017 Annual Meeting at the SEC’s website

(http://www.sec.gov), at the Company's website (http://investor.inva.com/sec.cfm), by email at investor.relations@inva.com or by mail at Innoviva, Inc., Attn: Investor Relations, 2000 Sierra Point Parkway, Suite 500, Brisbane, California 94005. In addition, copies of the proxy materials, when available, may be requested from the Company's proxy solicitor, Innisfree M&A Incorporated at 501 Madison Ave, 20th Floor, New York, NY 10022 or toll-free at (888) 750-5834.

### Safe Harbor for Forward-Looking Statements

This document contains certain "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements relating to Innoviva's engagement with Sarissa. Innoviva intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve substantial risks, uncertainties and assumptions. These statements are based on the current estimates and assumptions of the management of Innoviva as of the date of this document and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results of Innoviva to be materially different from those reflected in the forward-looking statements. Risks affecting Innoviva are described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Innoviva's Annual Report on Form 10-K for the year ended December 31, 2016, which is on file with the SEC and available on the SEC's website at www.sec.gov. In addition to the risks described above and in Innoviva's other filings with the SEC, other unknown or unpredictable factors also could affect Innoviva's results. Past performance is not necessarily indicative of future 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. Innoviva assumes no obligation to update its forward-looking statements on account of new information, future events or otherwise, except as required by law.

### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

#### (d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release, dated March 7, 2017
99.2	Infographic

4

### 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.

**INNOVIVA, INC.**

Date: March 7, 2017

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

5



## Innoviva Files Preliminary Proxy Materials for 2017 Annual Meeting

*Current Board's Strategic Plan has Produced Increased Royalty Revenue, Reduced Operating Expenses and Increased Net Income While Growing Stockholder Returns*

*Sarissa Has Nominated a Slate to Replace a Majority of the Board and Has Provided No Rationale for its Actions nor Proposed a New Strategic Direction for the Company*

**Brisbane, Calif. — March 7, 2017 — Innoviva, Inc.** (the “Company” or “Innoviva”) (NASDAQ: INVA) today announced it has filed a preliminary proxy statement (the “Preliminary Proxy Statement”) with the U.S. Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies for the Company’s 2017 annual meeting of stockholders (the “2017 Annual Meeting”). Stockholders as of the record date February 24, 2017 will be entitled to vote at the 2017 Annual Meeting, which the Company anticipates will be held in the later part of April 2017.

The Innoviva Board unanimously recommends stockholders vote for the Board’s seven director nominees, six of whom are independent: William H. Waltrip, Michael W. Aguiar, Barbara Duncan, Catherine J. Friedman, Patrick G. LePore, Paul Pepe and James L. Tyree.

Innoviva’s strong performance has been driven by a management team and Board of Directors with a proven ability to generate value for the Company’s stockholders. Under the Board’s leadership, Innoviva has executed on a strategic plan, including the spin-off of its R&D unit in 2014, that has generated consistent, strong returns including:

- Innoviva’s share price **outperformed the NBI Index by 22%** in 2016.
- During the fourth quarter of 2016, **royalty revenue increased 80%** from the fourth quarter of 2015 — and **increased at a 32% quarterly compounded growth rate** over the last ten quarters.
- Innoviva returned approximately \$17 million of capital to investors during the fourth quarter of 2016 — which brings the total investor capital returns to **\$118 million** since launching the current capital return plan in the fourth quarter of 2015.
- Strong growth prospects of Innoviva’s respiratory portfolio support **the Company’s plan to return up to \$150 million to investors in 2017**.
- The Company reduced operating expenses as a percent of total net revenue to **14%** in the fourth quarter of 2016 and expects further reductions.

Further detail on Innoviva’s performance can be found here: [by following this link](#).

The Board is committed to good corporate governance and has added two new, independent directors in the past six months in addition to maintaining an independent Chairman role. Five of the independent directors joined the Board in the last two years. The Board includes a wealth of experienced value creators including:

- four current or former CEOs,
- two former CFOs,
- six directors with relevant industry experience,
- five directors with experience executing substantial M&A transactions,
- one director with professional investment experience,
- three with investment banking experience, and
- three directors who have delivered significant outperformance in executive roles.

The Company and the Board are committed to driving value for all stockholders and will continue to assess opportunities and take actions to achieve this important objective. The Company’s 2017 strategic plan approved by the Board focuses on maximizing the commercial potential of the respiratory portfolio partnered with GSK, returning up to \$150 million in capital to investors, and as cash available increases, it may seek to acquire additional royalty streams. Innoviva focuses on the unique value creation opportunity presented by delivering innovative medicines under the leadership of experts who have a deep understanding of pharmaceutical operations and financial management.

The Company also disclosed today that it has received notice from Sarissa Capital Domestic Fund LP and certain of its affiliates (together, “Sarissa”), announcing Sarissa’s intent to nominate four director candidates, which, if elected, would represent a majority of the Board, for election to the Innoviva Board at the Company’s 2017 Annual Meeting in opposition to the nominees recommended by the Board. In its notice, Sarissa also informed the Company of its intent to present a proposal at the 2017 Annual Meeting to repeal all provisions of the Company’s Amended and Restated Bylaws that were not publicly filed with the SEC on or before February 6, 2017. The effect of such proposal would be to repeal the bylaw, adopted on February 8, 2017, implementing a majority voting standard in uncontested elections of directors.

Consistent with the Company’s commitment to an active dialogue with Innoviva shareholders, the Company’s board and management team have had multiple conversations with Sarissa including their director nominees. To date, Sarissa has provided no reason for replacing a majority of the Board, nor have they presented any reason to change the strategic direction of the Company — or for making any changes to an independent Board that already has leading industry expertise, two significant new additions in the last six months, experienced dealmakers and a track record of value creation.

## About Innoviva

Innoviva 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. Innoviva's portfolio is anchored by the respiratory assets partnered with Glaxo Group Limited (GSK), including RELVAR<sup>®</sup>/BREO<sup>®</sup> ELLIPTA<sup>®</sup> and ANORO<sup>®</sup> ELLIPTA<sup>®</sup>, which were jointly developed by Innoviva and GSK. Under the agreement with GSK, Innoviva is eligible to receive associated royalty revenues from RELVAR<sup>®</sup>/BREO<sup>®</sup> ELLIPTA<sup>®</sup>, ANORO<sup>®</sup> ELLIPTA<sup>®</sup>. In addition, Innoviva retains a 15 percent economic interest in future payments made by GSK for earlier-stage programs partnered with Theravance BioPharma, Inc., including the closed triple combination therapy for Chronic Obstructive Pulmonary Disease (COPD). For more information, please visit Innoviva's website at [www.inva.com](http://www.inva.com).

ANORO<sup>®</sup>, RELVAR<sup>®</sup>, BREO<sup>®</sup> and ELLIPTA<sup>®</sup> are trademarks of the GlaxoSmithKline group of companies.

## Safe Harbor for Forward-Looking Statements

This press release contains certain "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements relating to Innoviva's engagement with Sarissa. Innoviva intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve substantial risks, uncertainties and assumptions. These statements are based on the current estimates and assumptions of the management of Innoviva as of the date of this press release and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results of Innoviva to be materially different from those reflected in the forward-looking statements. Risks affecting Innoviva are described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Innoviva's Annual Report on Form 10-K for the year ended December 31, 2016, which is on file with the SEC and available on the SEC's website at [www.sec.gov](http://www.sec.gov). In addition to the risks described above and in Innoviva's other filings with the SEC, other unknown or unpredictable factors also could affect Innoviva's results. Past performance is not necessarily indicative of future 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. Innoviva assumes no obligation to update its forward-looking statements on account of new information, future events or otherwise, except as required by law.

3

---

## WHERE TO FIND ADDITIONAL INFORMATION:

The Company, its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from stockholders in connection with the Company's 2017 annual meeting of stockholders (the "2017 Annual Meeting"). On March 7, 2017, the Company filed a preliminary proxy statement with the SEC in connection with the solicitation of proxies for the 2017 Annual Meeting. Prior to the 2017 Annual Meeting, the Company will furnish a definitive proxy statement to its stockholders (the "2017 Proxy Statement"), together with a WHITE proxy card. STOCKHOLDERS ARE URGED TO READ THE 2017 PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT THE COMPANY WILL FILE WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Additional information regarding the identity of these potential participants and their direct or indirect interests, by security holdings or otherwise, is set forth in the preliminary proxy statement for the 2017 Annual Meeting and will be set forth in the 2017 Proxy Statement and other materials to be filed with the SEC in connection with the 2017 Annual Meeting.

Stockholders will be able to obtain, free of charge, copies of the 2017 Proxy Statement, any amendments or supplements thereto and any other documents (including the WHITE proxy card) when filed by the Company with the SEC in connection with the 2017 Annual Meeting at the SEC's website (<http://www.sec.gov>), at the Company's website (<http://investor.inva.com/sec.cfm>) or by contacting Investor Relations by email at [investor.relations@inva.com](mailto:investor.relations@inva.com), or by mail at Innoviva, Inc., Attn: Investor Relations, 2000 Sierra Point Parkway, Suite 500, Brisbane, California 94005. In addition, copies of the proxy materials, when available, may be requested from the Company's proxy solicitor, Innisfree M&A Incorporated at 501 Madison Ave, 20th Floor, New York, NY 10022 or toll-free at (888) 750-5834.

## Investor Contact:

Eric d'Esparbes  
Senior Vice President and Chief Financial Officer  
Innoviva, Inc.  
650-238-9640  
[investor.relations@inva.com](mailto:investor.relations@inva.com)

## Media Contacts:

Abernathy MacGregor  
Patrick Tucker or Ina McGuinness  
212-371-5999 or 213-630-6550  
[ina@abmac.com](mailto:ina@abmac.com)

4

---

## Demonstrated Performance for Investors

- Outperformed the NBI Index **by 22%** in 2016
- Differentiated products addressing a **\$20+ billion market**
- **32% quarterly** compounded growth rate in royalty revenue in last 10 quarters
- **\$210 million** returned to investors since Q1 2015
- Continuing to reduce operating expenses as a percent of total net revenue (**14% in Q4 2016**)



Outperformed the NBI Index **by 22%** in 2016

## Significant Global Market Opportunity

### COPD Market Growth Drivers:

- Expansion of aging population
- Patients diagnosed earlier

### Large, Stable Asthma Market:

- Data from 2014 suggests that across the US, Japan, and EU-5, ~60% of ICS/LABA sales were for use in Asthma

### RELVAR®/ BREO® ELLIPTA®

- Approved for COPD/Asthma, marketed globally
- US Market Share: 23% NBRx; 14.8% TRx (3.5% TRx market share growth since end Q3 2016)\*
- \$273 million Global Net Sales in Q4 2016

### ANORO® ELLIPTA®

- Approved for COPD, marketed globally
- US Market Share: 19.8% NBRx; 11.3% TRx (6% TRx market share growth since start of 2016)\*
- \$91 million Global Net Sales in Q4 2016

\*Source: This information is an estimate derived from the use of information under license from the following IMS Health Inc. information services: National Prescription Audit for the period ending February 17, 2017. IMS expressly reserves all rights, including rights of copying, distribution and reproduction.



Global Long-Acting Bronchodilator Market

## Long Duration Royalty Portfolio with Cash Return Priority

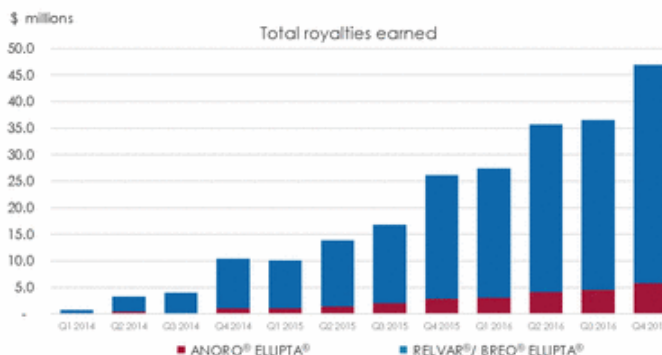
- **Strong Patent Estate with GSK**
- **Long Duration Royalty Portfolio**
- Greater of 15 years from launch or last valid patent
- Royalties extend into late 2020s

### RELVAR®/ BREO® ELLIPTA®

- GSK pays 15% royalty on first \$3.0B of annual global net sales; 5% for all annual global net sales above \$3.0B

### ANORO® ELLIPTA®

- GSK pays upward tiering of 6.5% to 10% royalties on annual global net sales



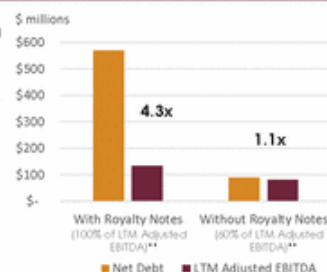
## Demonstrated Cash Generating Capacity & Strong Balance Sheet

### Q4 2016 growth vs. Q4 2015

- Royalty revenue: **↑ 80%**
- Operating income: **↑ 118%**
- Net income: **↑ 492%**

### Well Capitalized

- Strong cash position (\$150M)<sup>1</sup>
- Royalty Notes (\$487M)<sup>1</sup>
- Non-recourse feature limits cash to debt ratio risk
- 40% cash sweep provides repayment flexibility
- Convertible Notes (\$241M)<sup>1</sup>
- Represents low-cost debt complement



1. Figures as of 12/31/16

\*\*Non-GAAP Financial Measure, please refer to Appendix for reconciliation to GAAP Measures

RELVAR®, BREO®, ANORO® and ELLIPTA® are trademarks of the GlaxoSmithKline group of companies. BREO® ELLIPTA® FDA Approved for COPD and Asthma in adults and ANORO® ELLIPTA® FDA Approved for COPD; BREO® ELLIPTA® and ANORO® ELLIPTA® are not indicated for the relief of acute bronchospasm. Full U.S. Prescribing Information, including BOXED WARNING and Medication Guide for BREO® ELLIPTA® and ANORO® ELLIPTA® are available at us.gsk.com.

## Forward-Looking Statements

This presentation contains certain "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements relating to goals, plans, objectives and future events. Innoviva intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. The words "anticipate", "expect", "goal", "intend", "objective", "opportunity", "plan", "potential", "target" and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements involve substantial risks, uncertainties and assumptions. These statements are based on the current estimates and assumptions of the management of Innoviva as of the date of this presentation and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results of Innoviva 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, the commercialization of RELVAR®/BREQ® ELLIPTA® and ANORO® ELLIPTA® in the jurisdictions in which these products have been approved; the strategies, plans and objectives of Innoviva (including Innoviva's growth strategy and corporate development initiatives beyond the existing respiratory portfolio); the timing, manner, amount and planned growth of anticipated potential capital returns to stockholders (including, without limitation, statements regarding Innoviva's expectations of future purchases under its capital return programs and future cash dividends); 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 regulatory approval of product candidates; and projections of revenue, expenses and other financial items. Other risks affecting Innoviva are described under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Innoviva's Annual Report on Form 10-K for the year ended December 31, 2016, which is on file with the Securities and Exchange Commission ("SEC") and available on the SEC's website at [www.sec.gov](http://www.sec.gov). In addition to the risks described above and in Innoviva's other filings with the SEC, other unknown or unpredictable factors also could affect Innoviva's results. Past performance is not necessarily indicative of future 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. The information in this presentation is provided only as of March 6, 2017, and Innoviva assumes no obligation to update its forward-looking statements on account of new information, future events or otherwise, except as required by law.

## Use of Non-GAAP Financial Measures

In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP") and should be viewed in addition to, and not as a substitute for, Innoviva's reported results. Innoviva believes that the non-GAAP financial information provided in this presentation can assist investors in understanding and assessing Innoviva's on-going operations and prospects for the future and provides an additional tool for investors to use in comparing Innoviva's financial results with other companies in Innoviva's industry or with similar operating profiles. Investors are encouraged to review the reconciliation of Innoviva's non-GAAP financial measures to their most directly comparable GAAP financial measures.

Please see the financial table below entitled "Reconciliation of GAAP to Non-GAAP Operating Results" for additional information and the reconciliations of these non-GAAP financial measures to the closest GAAP financial measures.



## Reconciliation of Non-GAAP Financial Measures to GAAP

In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP") and should be viewed in addition to, and not as a substitute for, Innoviva's reported results. Innoviva believes that the non-GAAP financial information provided in this presentation can assist investors in understanding and assessing Innoviva's on-going operations and prospects for the future and provides an additional tool for investors to use in comparing Innoviva's financial results with other companies in Innoviva's industry or with similar operating profiles. Investors are encouraged to review the reconciliation of Innoviva's non-GAAP financial measures to their most directly comparable GAAP financial measures.

Please see the reconciliation below for additional information and the reconciliations of these non-GAAP financial measures to the closest GAAP financial measures.

### Reconciliation of GAAP to Non-GAAP Operating Results

(in thousands)

	Eight Quarters Ended Dec. 31, 2016 (unaudited)	Twelve Months Ended Dec. 31, 2016 (unaudited)
<b>EBITDA:</b>		
GAAP net income	\$ 40,776	\$ 59,536
<b>Non-GAAP adjustments:</b>		
Interest expense (income), net	103,294	51,834
Stock-based compensation	15,171	8,297
Depreciation	240	131
Amortization of capitalized fees paid to a related party	27,646	13,823
<b>Adjusted EBITDA</b>	<b>\$ 187,127</b>	<b>\$ 133,621</b>

## Where to Find Additional Information

Innoviva, its directors and certain of its executive officers and employees may be deemed to be participants in the solicitation of proxies from stockholders in connection with Innoviva's 2017 annual meeting of stockholders (the "2017 Annual Meeting"). On March 7, 2017, Innoviva filed a preliminary proxy statement with the SEC in connection with the solicitation of proxies for the 2017 Annual Meeting. Prior to the 2017 Annual Meeting, Innoviva will furnish a definitive proxy statement to its stockholders (the "2017 Proxy Statement"), together with a WHITE proxy card. STOCKHOLDERS ARE URGED TO READ THE 2017 PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT INNOVIVA WILL FILE WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Additional information regarding the identity of these potential participants and their direct or indirect interests, by security holdings or otherwise, is set forth in the preliminary proxy statement for the 2017 Annual Meeting and will be set forth in the 2017 Proxy Statement and other materials to be filed with the SEC in connection with the 2017 Annual Meeting.

Stockholders will be able to obtain, free of charge, copies of the 2017 Proxy Statement, any amendments or supplements thereto and any other documents (including the WHITE proxy card) when filed by Innoviva with the SEC in connection with the 2017 Annual Meeting at the SEC's website (<http://www.sec.gov>), at Innoviva's website (<http://investor.inva.com/sec.cfm>), by email at [investor.relations@inva.com](mailto:investor.relations@inva.com) or by mail at Innoviva, Inc., Attn: Investor Relations, 2000 Sierra Point Parkway, Suite 500, Brisbane, California 94005. In addition, copies of the proxy materials, when available, may be requested from Innoviva's proxy solicitor, Innisfree M&A Incorporated at 501 Madison Ave, 20th Floor, New York, NY 10022 or toll-free at (888) 750-5834.

