
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Schedule TO

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1)
Of the Securities Exchange Act of 1934**

THERAVANCE, INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Common Stock, \$0.01 par value per share
(Title of Class of Securities)

88338T104
(CUSIP Number of Class of Securities)

Michael W. Aguiar
Chief Executive Officer
951 Gateway Boulevard
South San Francisco, CA 94080
(650) 238-9600
(Name, Address and Telephone Number of Person Authorized
to Receive Notices and Communications on Behalf of the Filing Persons)

Jay K. Hachigian
Richard C. Blake
Keith J. Scherer
Gunderson Dettmer Stough
Villeneuve Franklin & Hachigian, LLP
One Marina Park Drive
Suite 900
Boston, MA 02210
Tel: (617) 648-9100

CALCULATION OF FILING FEE

Transaction Valuation*	Amount of Filing Fee**
\$75,000,000	\$7,552.50

- * The transaction value is estimated only for purposes of calculating the filing fee. This amount is based on the offer to purchase shares of common stock, \$0.01 par value, for an aggregate purchase price of up to \$75,000,000.
- ** The amount of the filing fee, calculated in accordance with Rule 0-11 under the Securities Exchange Act of 1934, as amended, as modified by Fee Rate Advisory No. 1 for fiscal year 2016, equals \$100.70 per million dollars of the value of the transaction.
- Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | | | |
|---------------------------|----------------|---------------|----------------|
| Amount Previously Paid: | Not Applicable | Filing Party: | Not Applicable |
| Form or Registration No.: | Not Applicable | Date Filed: | Not Applicable |
- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

This Tender Offer Statement on Schedule TO (“Schedule TO”) is being filed by Theravance, Inc., a Delaware corporation (“Theravance” or the “Company”), pursuant to Rule 13e-4 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in connection with the Company’s offer to purchase for cash shares of its common stock, \$0.01 par value per share (the “Shares”), having an aggregate purchase price of up to \$75,000,000, pursuant to (i) auction tenders at prices specified by the tendering stockholder of not less than \$8.50 and not greater than \$9.25 per Share (“Auction Tenders”) or (ii) purchase price tenders (“Purchase Price Tenders”), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated October 30, 2015, and in the related Letter of Transmittal (which, as they may be amended or supplemented from time to time, together constitute the “Offer”) filed as exhibits to this Schedule TO. This Schedule TO is being filed in accordance with Rule 13e-4(c)(2) under the Exchange Act.

All information in the Offer to Purchase and the related Letter of Transmittal hereby is expressly incorporated by reference in answer to all items in this Schedule TO, and as more particularly set forth below.

ITEM 1. Summary Term Sheet.

The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” is incorporated herein by reference.

ITEM 2. Subject Company Information.

(a) The name of the issuer is Theravance, Inc., a Delaware corporation. The address of the Company’s principal executive offices is 951 Gateway Boulevard, South San Francisco, California 94080 and its telephone number is (650) 238-9600.

(b) This Schedule TO relates to the Shares of Theravance. As of October 29, 2015, there were 117,425,815 Shares issued and outstanding. The information set forth in the section of the Offer to Purchase titled “Introduction” is incorporated herein by reference.

(c) The information set forth in “Section 7—Price Range of Shares; Dividends” of the Offer to Purchase is incorporated herein by reference.

ITEM 3. Identity and Background of Filing Person.

(a) Theravance, Inc. is the filing person and subject company. The information set forth in Item 2(a) is incorporated herein by reference. The information set forth in “Section 9—Certain Information Concerning the Company” and “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

ITEM 4. Terms of the Transaction.

(a)(1)(i) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and “Introduction,” and in “Section 1—Number of Shares; Purchase Price; Proration” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(ii) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and “Introduction,” and in “Section 1—Number of Shares; Purchase Price; Proration,” “Section 5—Purchase of Shares and Payment of Purchase Price” and “Section 8—Source and Amount of Funds” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(iii) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and “Introduction,” and in “Section 1—Number of Shares; Purchase Price; Proration,” “Section 3—Procedures for Tendering Shares” and “Section 14—Extension of the Offer; Termination; Amendment” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(iv) Not applicable.

(a)(1)(v) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 14—Extension of the Offer; Termination; Amendment” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(vi) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 4—Withdrawal Rights” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(vii) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 3—Procedures for Tendering Shares” and “Section 4—Withdrawal Rights” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(viii) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet,” in “Section 3—Procedures for Tendering Shares” and “Section 5—Purchase of Shares and Payment of Purchase Price” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(ix) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet,” “Introduction,” in “Section 1—Number of Shares; Purchase Price; Proration” and in “Section 5—Purchase of Shares and Payment of Purchase Price” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(x) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 2—Purpose of the Offer; Certain Effects of the Offer” and in “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(xi) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 2—Purpose of the Offer; Certain Effects of the Offer” of the Offer to Purchase is incorporated herein by reference.

(a)(1)(xii) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 3—Procedures for Tendering Shares” and “Section 12—Certain U.S. Federal Income Tax Consequences” of the Offer to Purchase is incorporated herein by reference.

(a)(2)(i-vii) Not applicable.

(b) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and “Introduction” and in “Section 2—Purposes of the Offer; Certain Effects of the Offer” and “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

ITEM 5. *Past Contacts, Transactions, Negotiations and Agreements.*

(e) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

ITEM 6. *Purposes of the Transaction and Plans or Proposals.*

(a) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and in “Section 2—Purpose of the Offer; Certain Effects of the Offer” of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in “Section 2—Purpose of the Offer; Certain Effects of the Offer” of the Offer to Purchase is incorporated herein by reference.

(c)(1-10) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet” and “Introduction” and in “Section 2—Purpose of the Offer; Certain Effects of the Offer,” “Section 8—Source and Amount of Funds,” “Section 9—Certain Information Concerning the Company” and “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

ITEM 7. *Source and Amount of Funds or Other Consideration.*

(a), (b) and (d) The information set forth in the section of the Offer to Purchase titled “Summary Term Sheet,” “Section 6—Conditions of the Offer” and in “Section 8—Source and Amount of Funds” of the Offer to Purchase is incorporated herein by reference.

ITEM 8. *Interest in Securities of the Subject Company.*

(a) and (b) The information set forth in “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

ITEM 9. *Persons/Assets, Retained, Employed, Compensated or Used.*

(a) The information set forth in the section of the Offer to Purchase titled “Introduction” and in “Section 15—Fees and Expenses” of the Offer to Purchase is incorporated herein by reference.

ITEM 10. *Financial Statements.*

(a) and (b) Not applicable.

ITEM 11. *Additional Information.*

(a)(1) The information set forth in “Section 10—Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares” of the Offer to Purchase is incorporated herein by reference.

(a)(2) The information set forth in “Section 11—Certain Legal Matters; Regulatory Approvals” of the Offer to Purchase is incorporated herein by reference.

(a)(3) The information set forth in “Section 11—Certain Legal Matters; Regulatory Approvals” of the Offer to Purchase is incorporated herein by reference.

(a)(4) The information set forth in “Section 2—Purpose of the Offer; Certain Effects of the Offer” and “Section 13—Effects of the Offer on the Market for Shares; Registration under the Exchange Act” of the Offer to Purchase is incorporated herein by reference.

(a)(5) None.

(c) The information set forth in the Offer to Purchase and the related Letter of Transmittal, copies of which are filed as Exhibits (a)(1)(A) and (a)(1)(B) hereto, respectively, as each may be

amended or supplemented from time to time, is incorporated herein by reference. The information contained in all of the exhibits referred to in Item 12 below is incorporated herein by reference.

ITEM 12. Exhibits.

Exhibit Number	Description
(a)(1)(A)	Offer to Purchase, dated October 30, 2015.
(a)(1)(B)	Letter of Transmittal (including IRS Form W-9).
(a)(1)(C)	Notice of Guaranteed Delivery.
(a)(1)(D)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(E)	Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.
(a)(1)(F)	Form of Summary Advertisement.
(a)(2)	None.
(a)(3)	Not applicable.
(a)(4)	Not applicable.
(a)(5)(A)	Press Release dated October 28, 2015 (furnished as Exhibit 99.1 to the Company's current report on Form 8-K dated October 28, 2015 and incorporated herein by reference).
(a)(5)(B)	Transcript of applicable portions of the Company's Third Quarter 2015 Earnings Call dated October 28, 2015 (incorporated by reference to Exhibit 99.1 to the Company's Schedule TO-C filed on October 29, 2015 (File No. 005-80415)).
(a)(5)(C)	Press Release dated October 30, 2015.
(b)	Not applicable.
(d)(1)	Indenture dated as of January 24, 2013 by and between Theravance, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (filed as Exhibit 4.4 to the Company's current report on Form 8-K dated January 25, 2013 and incorporated herein by reference).
(d)(2)	Form of 2.125% Convertible Subordinated Note due 2023 (filed with Exhibit (d)(1) as Exhibit 4.4 to the Company's current report on Form 8-K dated January 25, 2013 and incorporated herein by reference).
(d)(3)	Long-Term Stock Option Plan (filed as Exhibit 10.2 to the Company's Form S-1 dated June 10, 2004 and incorporated by reference herein).
(d)(4)	2004 Equity Incentive Plan, as amended by the board of directors February 10, 2010 and approved by stockholders April 27, 2010 and forms of equity award (filed as Exhibit 10.3 to the Company's annual report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference).
(d)(5)	Employee Stock Purchase Plan, as amended April 27, 2010 (filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2010 and incorporated herein by reference).
(d)(6)	Form of Indemnification Agreement for directors and officers of the registrant (filed as Exhibit 10.11 to the Company's Form S-1 dated June 10, 2004 and incorporated by reference herein).

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- | Exhibit Number | Description |
|----------------|--|
| (d)(7) | Form of Notice of Grant and Stock Option Agreement under 2004 Equity Incentive Plan (filed as Exhibit 10.30 to the Company's annual report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference). |
| (d)(8) | Form of Notice of Restricted Stock Award and Restricted Stock Agreement under 2004 Equity Incentive Plan (form in effect through 2010) (filed as Exhibit 10.31 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2007 and incorporated herein by reference). |
| (d)(9) | Description of Cash Bonus Program, as amended (filed as Exhibit 10.22 to the Company's annual report on Form 10-K for the year ended December 31, 2009 and incorporated herein by reference). |
| (d)(10) | Amended and Restated 2008 New Employee Equity Incentive Plan and forms of equity award (filed as Exhibit 10.24 to the Company's annual report on Form 10-K for the year ended December 31, 2011 and incorporated herein by reference). |
| (d)(11) | 2009 Change in Control Severance Plan adopted December 16, 2009 (filed as Exhibit 10.48 to the Company's annual report on Form 10-K for the year ended December 31, 2009 and incorporated herein by reference). |
| (d)(12) | 2012 Equity Incentive Plan, as approved by the board of directors February 8, 2012 and approved by stockholders May 16, 2012 and forms of equity award (filed as Exhibit 10.38 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2012 and incorporated herein by reference). |
| (d)(13) | Equity Award Amendments for Employees VP Level or above remaining at Theravance, Inc. (filed as Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference). |
| (d)(14) | Policy for Non-Employee Director Stock Options (effective June 2, 2014) (filed as Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference). |
| (d)(15) | Offer Letter with Ted Witek dated May 2, 2014 (filed as Exhibit 10.4 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference). |
| (d)(16) | Offer Letter with George Abercrombie dated May 30, 2014 (filed as Exhibit 10.5 to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2014 and incorporated herein by reference). |
| (d)(17) | Offer Letter with Michael W. Aguiar dated August 5, 2014 (filed as Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2014 and incorporated herein by reference). |
| (d)(18) | Offer Letter with Eric d'Esparbes dated September 8, 2014 (filed as Exhibit 10.63 to the Company's annual report on Form 10-K for the year ended December 31, 2014 and incorporated herein by reference). |
| (d)(19) | First Amendment to the 2009 Severance Plan dated July 24, 2015 (filed as Exhibit 10.2 to the Company's current report on Form 8-K dated July 29, 2015 and incorporated herein by reference). |
| (g) | Not applicable. |

(h) Not applicable.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

THERAVANCE, INC.

By: /s/ MICHAEL W. AGUIAR

Name: Michael W. Aguiar
Title: Chief Executive Officer

Date: October 30, 2015

EXHIBIT INDEX

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QuickLinks

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THERAVANCE, INC.
A ROYALTY MANAGEMENT COMPANY

**OFFER TO PURCHASE FOR CASH
BY
THERAVANCE, INC.
UP TO \$75,000,000 OF SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE NOT LESS THAN \$8.50
AND NOT GREATER THAN \$9.25 PER SHARE**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE "EXPIRATION TIME").

Theravance, Inc., a Delaware corporation ("Theravance," the "Company," "we" or "us"), invites our stockholders to tender shares of our common stock, \$0.01 par value per share (the "Shares"), pursuant to (i) auction tenders at prices specified by the tendering stockholder of not less than \$8.50 and not greater than \$9.25 per Share ("Auction Tenders") or (ii) purchase price tenders ("Purchase Price Tenders"), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, as they may be amended or supplemented from time to time, together constitute the "Offer"). We are offering to purchase Shares having an aggregate purchase price of up to \$75,000,000. Stockholders who wish to tender Shares without specifying a price at which such Shares may be purchased by the Company should make a Purchase Price Tender. Under a Purchase Price Tender, Shares will be purchased, upon the terms and subject to the conditions of the Offer, at the Purchase Price (as defined below) determined as provided herein. Shares tendered pursuant to Purchase Price Tenders will be deemed to be tendered at the minimum price of \$8.50 per Share for purposes of determining the Purchase Price. Stockholders who validly tender Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender.

Promptly after the Expiration Time, assuming the conditions of the Offer have been satisfied or waived, we will determine, upon the terms of the Offer, a single price per Share (the "Purchase Price"), which will be not less than \$8.50 and not greater than \$9.25 per Share, that we will pay for Shares purchased in the Offer. The Purchase Price will be the lowest price per Share of not less than \$8.50 and not greater than \$9.25 that will enable the Company to purchase the maximum number of Shares validly tendered in the Offer and not validly withdrawn having an aggregate purchase price of up to \$75,000,000. Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be eligible for purchase in the Offer. Shares validly tendered pursuant to an Auction Tender at a price specified in the Auction Tender that is greater than the Purchase Price will not be purchased. Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction, in our reasonable judgment, or waiver of the conditions to the Offer. Because of the proration and "odd lot" priority provisions described in this Offer to Purchase, all of the Shares tendered at or below the Purchase Price may not be purchased if Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000. The Company will not accept Shares subject to conditional tenders, such as acceptance of all or none of the Shares tendered by any tendering stockholder.

In accordance with the rules of the Securities and Exchange Commission (the "SEC"), in the event that Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000, we may exercise our right to amend the Offer to purchase up to an additional 2% of our outstanding Shares without extending the Expiration Time. We also expressly reserve the right, in our sole discretion, to amend the Offer to purchase additional Shares, subject to applicable law. *See Sections 1 and 14.*

At the maximum Purchase Price of \$9.25 per Share, we would purchase 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of the issued and outstanding Shares as of October 28, 2015, the last full trading day before we announced our intention to make the Offer. At the minimum Purchase Price of \$8.50 per Share, we would purchase 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of our issued and outstanding Shares as of October 28, 2015.

The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. The Offer is, however, subject to a number of other conditions. See Section 6.

The Shares are listed on The NASDAQ Global Select Stock Market ("NASDAQ") and trade under the symbol "THRX." On October 28, 2015, the last full trading day prior to the day we announced our intention to make the Offer, the closing price of the Shares was \$8.15 per Share. On October 29, 2015, the last full trading day before we commenced the Offer, the closing price of the Shares was \$8.81 per Share. **Stockholders are urged to obtain current market quotations for the Shares before deciding whether, and at what price or prices, to tender their Shares pursuant to the Offer. See Section 7.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the merits or fairness of such transaction or passed upon the adequacy or accuracy of the information contained in this Offer to Purchase. Any representation to the contrary is a criminal offense.

If you have questions or need assistance, you should contact Evercore Group L.L.C., the dealer manager for the Offer (the "Dealer Manager"), or Georgeson Inc., the information agent for the Offer (the "Information Agent"), at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. If you require additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or other Offer materials, you should contact the Information Agent.

The Dealer Manager for the Offer is:

EVERCORE

Offer to Purchase, dated October 30, 2015

IMPORTANT

OUR BOARD OF DIRECTORS HAS AUTHORIZED US TO MAKE THE OFFER. HOWEVER, NONE OF THE COMPANY, OUR BOARD OF DIRECTORS, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY (AS DEFINED BELOW) MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER THEM. WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER, AND AT WHAT PRICE OR PRICES, TO TENDER YOUR SHARES PURSUANT TO THE OFFER. IN DOING SO, YOU SHOULD READ CAREFULLY THE INFORMATION IN, OR INCORPORATED BY REFERENCE IN, THIS OFFER TO PURCHASE, IN THE RELATED LETTER OF TRANSMITTAL AND IN THE OTHER OFFER MATERIALS, INCLUDING THE PURPOSE AND EFFECTS OF THE OFFER. SEE SECTION 2. YOU SHOULD DISCUSS WHETHER TO TENDER YOUR SHARES WITH YOUR BROKER AND/OR FINANCIAL OR TAX ADVISOR.

If you wish to tender all or any portion of your Shares, you must do one of the following before the Expiration Time:

- if your Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, contact the nominee and have the nominee tender your Shares for you;
- if you hold certificated Shares in your own name, complete and sign a Letter of Transmittal according to its instructions and deliver it, together with any required signature guarantees, certificates for your Shares and any other documents required by the Letter of Transmittal, to Computershare Trust Company, N.A., the depositary for the Offer (the "Depositary"), at the applicable address shown on the back cover of this Offer to Purchase;
- if you are an institution participating in The Depository Trust Company ("DTC"), and you hold your Shares through DTC, tender your Shares according to the procedure for book-entry transfer described in Section 3 of this Offer to Purchase;
- if you are a holder of vested stock options to purchase Shares under any of our Equity Plans (as defined below), you may, subject to the requirements of the applicable Equity Plan and award agreement, exercise your vested stock options and tender any of the Shares issued upon exercise in the Offer. If you elect to exercise vested options and tender Shares issued pursuant to such exercise, you must complete the exercise of such vested options sufficiently in advance of the Expiration Time in order to provide you with adequate time to validly tender the Shares in the Offer. Exercises of options cannot be revoked even if some or all of the Shares received upon the exercise thereof and tendered in the Offer are not purchased pursuant to the Offer for any reason; or
- if you are a holder of restricted stock or restricted stock units outstanding under any of our Equity Plans, you may tender the Shares underlying such awards only if they have vested and, with respect to restricted stock units, you have received the underlying Shares free of restrictions on the transfer of such Shares.

In addition, if you wish to tender your Shares but (i) the certificates for your Shares are not immediately available or cannot be delivered to the Depositary by the Expiration Time, (ii) you cannot comply with the procedure for book-entry transfer by the Expiration Time, or (iii) your other required documents cannot be delivered to the Depositary by the Expiration Time, you may still tender your Shares if you comply with the guaranteed delivery procedure described in Section 3 of this Offer to Purchase.

Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Offer. Accordingly, beneficial owners wishing to participate in the Offer should contact such nominee as soon as possible in order to determine the times by which such owner must take action in order to participate in the Offer.

If you wish to maximize the likelihood that your Shares will be purchased by us, you should validly tender your Shares pursuant to a Purchase Price Tender. Shares tendered pursuant to Purchase Price Tenders will be deemed to be tendered at the minimum price of \$8.50 per Share for purposes of determining the Purchase Price. **You should understand that this election may lower the Purchase Price which is to be paid for all purchased Shares in the Offer and could result in your Shares being purchased at the minimum price of \$8.50 per Share. The lower end of the price range for the Offer is below the closing market price for the Shares on October 29, 2015, the last full trading day before we commenced the Offer, when the closing market price for the Shares on NASDAQ was \$8.81. See Section 3.**

WE ARE NOT AWARE OF ANY JURISDICTION WHERE THE MAKING OF THE OFFER IS NOT IN COMPLIANCE WITH APPLICABLE LAW. IF WE BECOME AWARE OF ANY JURISDICTION WITHIN THE UNITED STATES WHERE THE MAKING OF THE OFFER OR THE ACCEPTANCE OF SHARES PURSUANT TO THE OFFER IS NOT IN COMPLIANCE WITH ANY VALID APPLICABLE LAW, WE WILL MAKE A GOOD FAITH EFFORT TO COMPLY WITH THE APPLICABLE LAW. IF, AFTER A GOOD FAITH EFFORT, WE CANNOT COMPLY WITH THE APPLICABLE LAW, THE OFFER WILL NOT BE MADE TO, NOR WILL TENDERS BE ACCEPTED FROM OR ON BEHALF OF, THE HOLDERS OF SHARES RESIDING IN THAT JURISDICTION WITHIN THE UNITED STATES. IN ANY JURISDICTION WHERE THE SECURITIES OR BLUE SKY LAWS REQUIRE THE OFFER TO BE MADE BY A LICENSED BROKER OR DEALER, THE OFFER IS BEING MADE ON OUR BEHALF BY THE DEALER MANAGER OR ONE OR MORE REGISTERED BROKERS OR DEALERS, WHICH ARE LICENSED UNDER THE LAWS OF SUCH JURISDICTION.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES IN THE OFFER. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE, IN THE RELATED LETTER OF TRANSMITTAL OR IN THE OTHER OFFER MATERIALS. OUR DELIVERY OF THIS OFFER TO PURCHASE SHALL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS OFFER TO PURCHASE IS CORRECT AS OF ANY TIME OTHER THAN THE DATE OF THIS OFFER TO PURCHASE OR THAT THERE HAVE BEEN NO CHANGES IN THE INFORMATION INCLUDED OR INCORPORATED BY REFERENCE HEREIN OR IN THE AFFAIRS OF THERAVANCE OR ANY OF ITS SUBSIDIARIES OR AFFILIATES SINCE THE DATE HEREOF. IF ANYONE MAKES ANY RECOMMENDATION OR GIVES ANY INFORMATION OR REPRESENTATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, INFORMATION OR REPRESENTATION AS HAVING BEEN AUTHORIZED BY US, THE DEALER MANAGER, THE DEPOSITARY OR THE INFORMATION AGENT.

If you have questions or need assistance, you should contact Evercore Group L.L.C., the Dealer Manager for the Offer, or Georgeson Inc., the Information Agent for the Offer, at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. If you require additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or other Offer materials, you should contact the Information Agent.

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SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. This summary highlights certain information from this Offer to Purchase, but it does not describe all of the details of the Offer to the same extent as they are described elsewhere in this Offer to Purchase. To understand the Offer fully, and for a more complete description of the terms of the Offer, you should read carefully this entire Offer to Purchase, the Letter of Transmittal and the other Offer materials. We have included references to the sections of this Offer to Purchase where you will find a more complete description of the topics in this summary.

Who is offering to purchase Shares?

The issuer of the Shares, Theravance, Inc., is offering to purchase your Shares. See Section 1.

How many Shares is Theravance offering to purchase?

Upon the terms and subject to the conditions of the Offer, we are offering to purchase, at the Purchase Price, Shares validly tendered in the Offer and not validly withdrawn, up to a maximum aggregate purchase price of \$75,000,000. Because the Purchase Price will only be determined after the Expiration Time, the number of Shares that will be purchased will not be known until after that time. See Sections 1 and 2.

At the maximum Purchase Price of \$9.25 per Share, we would purchase 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of the issued and outstanding Shares as of October 28, 2015, the last full trading day before we announced our intention to make the Offer. At the minimum Purchase Price of \$8.50 per Share, we would purchase 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of the issued and outstanding Shares as of October 28, 2015.

In addition, in the event that Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000, we may exercise our right to purchase up to an additional 2% of our outstanding Shares without extending the Expiration Time. We also expressly reserve the right, in our sole discretion, to amend the Offer to purchase additional Shares, subject to applicable law. See Sections 1 and 14.

The Offer is not conditioned on receipt of financing or any minimum number of Shares being tendered by stockholders, but is subject to certain other conditions. See Section 6.

What will be the Purchase Price for the Shares and what will be the form of payment?

We are conducting this Offer through a procedure commonly called a “modified Dutch auction.” This procedure allows you to select the price within a price range specified by us at which you are willing to sell your Shares. The price range for the Offer is \$8.50 to \$9.25 per Share. You also may elect to make a Purchase Price Tender, meaning that you will accept the Purchase Price that we determine pursuant to the terms of the Offer. Shares tendered pursuant to Purchase Price Tenders will be deemed to have been tendered at the minimum price per Share under the Offer of \$8.50 for purposes of determining the Purchase Price. See Section 1.

We will select the single lowest purchase price (in multiples of \$0.05) (the “Purchase Price”) within the price range for the Offer that will allow us to purchase Shares having an aggregate purchase price of up to \$75,000,000 or, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction, in our reasonable judgment, or waiver of the conditions to the Offer. All Shares acquired in the Offer will be purchased at the Purchase Price, even from stockholders who have selected a price lower than the Purchase Price, but we will not purchase any Shares tendered at a price above the Purchase Price.

If your Shares are purchased in the Offer, you will receive the Purchase Price for each of the Shares you tender pursuant to the Offer, net to the seller in cash, less any applicable withholding taxes and without interest, promptly after the Expiration Time. Under no circumstances will we pay interest on the Purchase Price, including but not limited to, by reason of any delay in making payment.

How will Theravance pay for the Shares?

The maximum aggregate purchase price for the Shares purchased in the Offer will be \$75,000,000. We expect to fund the purchase of Shares in the Offer using our existing cash and cash equivalents. *See Section 8.*

What is the purpose of the Offer?

On October 28, 2015, we announced that our Board of Directors approved the acceleration of our capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. The Offer is a component of this program. We constantly evaluate ways to maximize value for our stockholders and, after careful consideration, taking into account the positive trend in sales of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® in the third quarter of 2015, our expectations for additional sales growth 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 a significant enhancement of stockholder returns. The repurchase of Shares pursuant to the Offer coupled with our ongoing collaboration with Glaxo Group Limited (“GSK”) to maximize the value of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® is designed to demonstrate our commitment to stockholder value creation.

In determining to authorize the share repurchase program and the Offer, our Board of Directors considered a broad range of factors, including the aggregate fair market value of our assets and the total amount of our liabilities (including contingent liabilities), the amount of excess capital we have available to return to stockholders, market conditions, our financial condition, operations, liquidity and capital needs, strategy and expectations for the future, the current and historical market prices of our Shares, alternative methods of utilizing our excess capital and the potential attractiveness of the Offer to our stockholders. Our Board of Directors also considered risks and uncertainties, including the potential for negative developments relating to our business, the securities markets generally and our ability to resolve contingent liabilities at the amounts and at the times currently estimated.

Based on this review, our Board of Directors determined that the Offer is a prudent use of our financial resources and represents an efficient mechanism to provide our stockholders with the opportunity to tender all or a portion of their Shares and thereby receive a return of some or all of their investment if they so elect. In particular, our Board of Directors believes the “modified Dutch auction” tender offer set forth in this Offer to Purchase provides stockholders with an opportunity to obtain liquidity with respect to all or a portion of their Shares without the usual transaction costs inherent in open market sales (e.g., brokerage commissions, solicitation fees and stock transfer taxes) and is consistent with our goal of stockholder value creation. Stockholders who choose not to tender their Shares will own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. In addition, stockholders who retain an equity interest in the Company as a result of a partial tender of Shares or proration also may own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. We believe that we will have adequate cash generating capacity, and we expect that our current cash balances, anticipated cash flows from operations, borrowing capacity and incremental debt issuances, if any, will exceed our capital requirements for normal operations, capital expenditures, debt maintenance and acquisitions and other opportunities for growth that may arise. We also expect that the Offer, if completed, will be accretive to currently projected earnings per share, although there can be no assurance of this. *See Section 2 for additional information about the purpose of the Offer.*

How long do I have to tender my Shares?

Shares may be tendered at any time until the Expiration Time. The Offer will expire at 5:00 P.M., New York City time, on Tuesday, December 1, 2015, unless we extend the Offer. *See Sections 1 and 14.*

If brokers, dealers, commercial banks, trust companies or other nominees hold your Shares, it is likely that they will require you to meet an earlier deadline for accepting the Offer. We recommend that beneficial owners holding Shares through nominees and wishing to participate in the Offer contact such nominees as soon as possible in order to determine the times by which such owner must take action in order to participate in the Offer. *See Section 3.*

Can the Offer be extended, amended or terminated and, if so, under what circumstances?

Yes. We can extend or amend the Offer in our sole discretion at any time. We cannot assure you, however, that we will extend the Offer or, if we extend it, for how long. If we extend the Offer, we will delay the acceptance of any Shares that have been tendered, and any Shares that have been previously tendered may be withdrawn up until the Expiration Time, as so extended. We can also terminate the Offer under certain circumstances. *See Sections 6 and 14.*

How will I be notified if the Offer is extended, amended or terminated?

If the Offer is extended, we will make a public announcement of the extension and the new Expiration Time no later than 9:00 A.M., New York City time, on the first business day after the previously scheduled Expiration Time. We will announce any amendment to, or termination of, the Offer by making a public announcement of the amendment or termination. *See Section 14.* If we extend the Offer, you may withdraw your Shares until the Expiration Time, as extended. *See Section 4.*

Are there any conditions to the Offer?

Yes. Our obligation to accept for payment and pay for tendered Shares depends upon certain conditions that must be satisfied in our reasonable judgment or waived by us, on or prior to the Expiration Time, including but not limited to:

- No action, suit or proceeding shall have been instituted, threatened, pending or taken that, in our reasonable judgment, among other things, prohibits or otherwise affects the making of the Offer or could be expected to materially and adversely affect our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects or otherwise materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries;
- No change in the general political, market, economic or financial conditions, domestically or internationally, that could, in our reasonable judgment, be expected to materially and adversely affect our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or that otherwise materially impairs the contemplated future conduct of our or our subsidiaries' business, shall have occurred;
- No commencement or material escalation of war, armed hostilities or other international or national calamity, including, but not limited to, an act of terrorism, in our reasonable judgment, shall have occurred directly or indirectly involving the United States on or after October 29, 2015;
- No decrease of more than 10% in the market price for the Shares or in the general level of market prices for equity securities in the NASDAQ Composite Index, the Dow Jones Industrial

Average, the New York Stock Exchange Composite Index or the Standard & Poor's 500 Composite Index measured from the close of trading on October 29, 2015 shall have occurred;

- No limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, could be expected to materially affect, the extension of credit by banks or other lending institutions in the United States shall have occurred;
- No legislation amending the Internal Revenue Code of 1986, as amended (the "Code"), shall have passed either the U.S. House of Representatives or the Senate or otherwise shall be pending before the U.S. House of Representatives or the Senate or any committee thereof, the effect of which would be to change the U.S. federal income tax consequences of the consummation of the Offer in any manner that, in our reasonable judgment, could adversely affect our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or otherwise materially impairs the contemplated future conduct of our or our subsidiaries' business;
- No person shall have commenced, proposed or announced or have publicly disclosed a tender or exchange offer (other than this Offer) for any or all of the Shares, any merger, acquisition, business combination or other similar transaction with or involving us or any of our subsidiaries, nor shall we have entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction;
- No entity, "group" (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or person shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding Shares (other than as and to the extent publicly disclosed in a Schedule 13D or Schedule 13G filed with the SEC before October 30, 2015), and no entity, group or person who has made such a filing before October 30, 2015 shall acquire or proposes to acquire (other than by virtue of the Offer) beneficial ownership of an additional 1% or more of our outstanding Shares. In addition, no new group shall have been formed that beneficially owns (as a group) more than 5% of our outstanding Shares;
- No change or changes shall have occurred or are threatened in our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects that, in our reasonable judgment, has or could be expected to have a material adverse effect on us or our subsidiaries, or on the trading in the Shares or on the benefits we expect to receive from the Offer;
- No statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) shall have been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, among other things, in our reasonable judgment, could be expected to prohibit, restrict or delay consummation of the Offer; and
- No determination shall have been made by us that the consummation of the Offer and the purchase of the Shares may cause the Shares to be delisted from NASDAQ or held of record by fewer than 300 persons.

For a more detailed discussion of these and other conditions to the Offer, please see Section 6.

How will the Offer affect the number of Shares outstanding and the number of record holders of Theravance?

As of October 28, 2015, the trading day before we announced our intention to make the Offer, we had 117,425,815 issued and outstanding Shares. At the maximum Purchase Price of \$9.25 per Share, we would purchase 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of our issued and outstanding Shares as of October 28, 2015. At the minimum Purchase Price of \$8.50 per Share, we would purchase 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of our issued and outstanding Shares as of October 28, 2015.

If the Offer is fully subscribed at the maximum Purchase Price, we will have approximately 109,317,707 Shares outstanding following the purchase of Shares tendered in the Offer. If the Offer is fully subscribed at the minimum Purchase Price, we will have approximately 108,602,286 Shares issued and outstanding following the purchase of Shares tendered in the Offer. The actual number of Shares issued and outstanding at such time will depend on the number of Shares tendered and purchased in the Offer as well as the Purchase Price for such Shares. *See Section 2.*

If any of our stockholders:

- who hold Shares in their own name as holders of record, or
- who are “registered holders” as participants in the DTC system whose names appear on a security position listing,

tender his, her or its Shares in full and that tender is accepted in full, the number of our record holders would be reduced. *See Section 2.* The Offer is conditioned upon the Shares not being held of record by fewer than 300 persons following the consummation of the Offer. *See Section 6.*

Following the Offer, will Theravance continue as a public company?

Yes. We do not expect the completion of the Offer in accordance with its terms and conditions to cause the Company’s securities to be delisted from NASDAQ or to stop being subject to the periodic reporting requirements of the Exchange Act. The Offer is conditioned upon our not having made the determination that the consummation of the Offer and the purchase of the Shares may cause the Shares to be delisted from NASDAQ or held of record by fewer than 300 persons.

How do I tender my Shares?

- If you hold certificated Shares in your own name as a holder of record and decide to tender your Shares, you must complete and sign a Letter of Transmittal according to its instructions or an Agent’s Message (as defined below) and deliver it, together with any required signature guarantees, certificates for your Shares and any other documents required by the Letter of Transmittal, to the Depository before 5:00 P.M., New York City time, on Tuesday, December 1, 2015, or such later time and date to which we may extend the Offer;
- If you hold your Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company or other nominee (i.e., in “street name”), you must contact such nominee if you wish to tender your Shares. *See Section 3 and the instructions to the Letter of Transmittal;* or
- If you are an institution participating in DTC and hold your Shares through DTC, tender your Shares according to the procedure for book-entry transfer described in Section 3 of this Offer to Purchase.

If you wish to tender your Shares, but (i) the certificates for your Shares are not immediately available or cannot be delivered to the Depository by the Expiration Time, (ii) you cannot comply with

the procedure for book-entry transfer by the Expiration Time or (iii) your other required documents cannot be delivered to the Depository by the Expiration Time, you can still tender your Shares if you comply with the guaranteed delivery procedure described in Section 3.

We are not making the Offer to, and will not accept any tendered Shares from, stockholders in any jurisdiction where it would be illegal to do so. However, we may, at our discretion, take any actions necessary for us to make the Offer to stockholders in any such jurisdiction.

You may contact the Information Agent, the Dealer Manager or your broker, dealer, commercial bank, trust company or other nominee for assistance. The contact information for the Information Agent and the Dealer Manager is on the back cover page of this Offer to Purchase. *See Section 3 and the instructions to the Letter of Transmittal.*

How do holders of vested stock options to purchase Shares participate in the Offer?

Options to purchase Shares cannot be tendered in the Offer. If you hold vested but unexercised options to purchase Shares, you may exercise such options in accordance with the requirements of the applicable Equity Plan and award agreement, and tender the Shares received pursuant to such exercise in accordance with the Offer. Exercises of options cannot be revoked even if some or all of the Shares received upon the exercise thereof and tendered in the Offer are not purchased pursuant to the Offer for any reason. You should evaluate the information included in this Offer to Purchase carefully to determine if participation would be advantageous to you based on your stock option exercise prices and the expiration date of your options, the range of tender prices and the provisions for pro rata purchases described in Section 1 and other considerations you may consider relevant. We strongly encourage optionholders to discuss the Offer with their broker and/or financial or tax advisor.

Please be advised that it is the optionholder's responsibility to tender Shares in the Offer to the extent such holder wishes to participate. If you elect to exercise vested options and tender Shares issued pursuant to such exercise, you must complete the exercise of such vested options sufficiently in advance of the Expiration Time in order to allow yourself adequate time to validly tender the Shares in the Offer. *See Section 3.*

May holders of restricted stock and restricted stock units participate in the Offer?

Holders of restricted stock and restricted stock units outstanding under any of our Equity Plans may not tender the Shares underlying such awards in the Offer unless and until the applicable Shares or units have vested and, with respect to restricted stock units, the holder thereof has received the underlying Shares free of restrictions on the transfer of such Shares. Holders of restricted stock and/or restricted stock units which vest on November 20, 2015 may tender the underlying Shares after they vest and (and with respect to restricted stock units, settle), provided such tender occurs prior to the Expiration Time. *See Section 3.*

May participants in Theravance's 2004 Employee Stock Purchase Plan ("ESPP") participate in the Offer?

If you are a participant in the ESPP, you may tender Shares that you have purchased through the ESPP, including Shares purchased during the purchase period which ends on November 15, 2015, following your receipt of such Shares free of restrictions on the transfer of such Shares. You may not tender any Shares subject to purchase rights that have not yet been exercised. *See Section 3.*

May I tender only a portion of the Shares that I hold?

Yes. You do not have to tender all of the Shares that you own to participate in the Offer.

If you hold fewer than 100 Shares and wish to receive the proration preference accorded to tenders of Odd Lot (as defined herein), then you must tender all of your Shares.

How do I withdraw Shares previously tendered?

You must deliver written notice of your withdrawal to the Depositary at the applicable address appearing on the back cover page of this Offer to Purchase at any time before 5:00 P.M., New York City time, on Tuesday, December 1, 2015, or at such later time and date to which we may extend the Offer. In addition, unless we have already accepted your tendered Shares for payment, you may withdraw your tendered Shares at any time after 11:59 P.M., New York City time, on December 29, 2015. Your written notice of withdrawal must specify your name, the number of Shares to be withdrawn and the name of the registered holder of such Shares. If you have used more than one Letter of Transmittal or have otherwise tendered Shares in more than one group of Shares, you may withdraw Shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the required information is included. Some additional requirements apply if your Shares have been tendered under the procedure for book-entry transfer set forth in Section 3. If you have tendered your Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct such nominee to arrange for the withdrawal of your Shares. *See Section 4.*

Until what time can I withdraw previously tendered Shares?

You may withdraw your tendered Shares at any time before 5:00 P.M., New York City time, on Tuesday, December 1, 2015, or such later time and date to which we may extend the Offer. In addition, unless we have already accepted your tendered Shares for payment, you may withdraw your tendered Shares at any time after 11:59 P.M., New York City time, on December 29, 2015. Please be advised that any nominee holding your Shares (i.e., brokers, dealers, commercial banks, trust companies or other nominees) may have its own deadline relating to the withdrawal of your Shares that differ from those set out in this Offer to Purchase. We recommend that you contact any such nominee holding your Shares to determine its deadline for withdrawing your shares. *See Section 4.*

In what order will tendered Shares be purchased? Will tendered Shares be prorated? What happens if Shares with an aggregate purchase price exceeding \$75,000,000 are tendered at or below the Purchase Price?

If Shares having an aggregate purchase price exceeding \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law) are validly tendered at or below the Purchase Price and not validly withdrawn, we will purchase Shares in the following order of priority:

- *First*, we will purchase all Odd Lots (as defined in Section 1) of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holder (as defined in Section 1) will not qualify for this preference), and
- *Second*, after purchasing all the Odd Lots that were validly tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), we will purchase Shares at the Purchase Price from all other stockholders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time on a pro rata basis, with appropriate adjustments to avoid

purchases of fractional Shares, until we have acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law).

Therefore, we may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price or by Purchase Price Tender. *See Sections 1 and 6.*

If I own fewer than 100 Shares and I tender all of my Shares, will I be subject to proration?

If you own, beneficially or of record, fewer than 100 Shares in the aggregate, you validly tender all of these Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and do not validly withdraw them before the Expiration Time, and you complete the section entitled “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, we will purchase all of your Shares without subjecting them to the proration procedure. *See Section 1.*

Has Theravance or its Board of Directors adopted a position on the Offer?

Our Board of Directors has authorized us to make the Offer. However, none of the Company, our Board of Directors, the Dealer Manager, the Information Agent or the Depository makes any recommendation to you as to whether you should tender or refrain from tendering your Shares or as to the price or prices at which you may choose to tender your Shares. You must make your own decision as to whether, and at what price or prices, to tender your Shares pursuant to the Offer. In doing so, you should read carefully the information in, or incorporated by reference in, this Offer to Purchase, in the related Letter of Transmittal and in the other Offer materials, including the purpose and effects of the Offer. You should discuss whether to tender your Shares with your broker and/or financial or tax advisor. *See Section 2.*

Do Theravance’s directors or executive officers or affiliates intend to tender their Shares in the Offer?

Our directors and executive officers do not intend to tender their Shares in the Offer. We are not aware of the intentions of our affiliates with respect to the Offer. *See Section 10.*

Does Theravance intend to repurchase any Shares other than pursuant to the Offer during or after the Offer?

On October 28, 2015, we announced that our Board of Directors approved the acceleration of our capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. The Offer is a component of this program.

Accordingly, after the completion or termination of the Offer, we intend to purchase additional Shares in the open market subject to market conditions. We also may purchase Shares through private transactions, exchange offers, tender offers or other means. Any of these purchases may be on the same terms as, or on terms more or less favorable to stockholders than, the terms of the Offer. However, Rule 13e-4 under the Exchange Act generally prohibits us and our affiliates from purchasing any Shares, other than through the Offer, until the expiration of at least ten business days after the expiration or termination of the Offer.

Our announcement of our share repurchase program does not obligate us to repurchase any specific dollar amount or number of our Shares beyond what is provided in this Offer, subject to the terms and conditions thereof. We will determine when, if and how to proceed with any other repurchase transactions under the program, as well as the amount of any such repurchase transactions, based upon considerations deemed relevant at the time, including the results of the Offer, the factors considered by our Board of Directors in determining to authorize the Offer as applicable at the time of

determination and other conditions and factors that may be deemed relevant by our management and Board of Directors. *See Section 2.*

What will happen if I do not tender my Shares?

Stockholders who choose not to tender their Shares will own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. In addition, stockholders who retain an equity interest in the Company as a result of a partial tender of Shares or proration also may own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. *See Section 2.*

When and how will Theravance pay for the Shares I tender that are accepted for purchase?

Upon the terms and subject to the conditions of the Offer, we will pay the Purchase Price, net to the seller in cash, less any applicable withholding taxes and without interest, for the Shares we purchase promptly after the Expiration Time. We will announce the preliminary results of the Offer, including the Purchase Price and preliminary information about any expected proration, on the business day following the Expiration Time. We do not expect, however, to announce the final results of any proration or the Purchase Price and begin paying for tendered Shares until after the delivery of Shares tendered at or below the Purchase Price by Notice of Guaranteed Delivery. We will pay for the Shares accepted for purchase by depositing the aggregate purchase price with the Depositary promptly after the Expiration Time. The Depositary will act as your agent and will transmit to you the payment for all of your Shares accepted for payment. *See Section 5.*

What is the recent market price for the Shares?

On October 28, 2015, the last full trading day before we announced our intention to make the Offer, the closing price of the Shares on NASDAQ was \$8.15 per Share. On October 29, 2015, the last full trading day before we commenced the Offer, the closing price of the Shares on NASDAQ was \$8.81. The lower end of the price range for the Offer is below the reported price per Share as of October 29, 2015. We recommend that you obtain current market quotations for the Shares before deciding whether, and at what price or prices, to tender your Shares pursuant to the Offer. *See Section 7.*

Will I have to pay brokerage fees and commissions if I tender my Shares?

If you are a holder of record of your Shares and you tender your Shares directly to the Depositary, you will not incur any brokerage fees or commissions. If you hold your Shares through a broker, dealer, commercial bank, trust company or other nominee and such nominee tenders Shares on your behalf, such nominee may charge you a fee for doing so. We recommend that you consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply. *See Section 5.*

What is the accounting treatment of the Offer and what will be done with the Shares Purchased?

The accounting for the purchase of Shares pursuant to the Offer will result in a reduction of our stockholders' equity in an amount equal to the aggregate purchase price of the Shares we purchase and a reduction in cash and cash equivalents in a corresponding amount. *See Section 2.*

Shares we acquire pursuant to the Offer will be retired and will become authorized and unissued Shares.

What are the U.S. federal income tax consequences if I tender my Shares?

If you are a U.S. Holder (as defined in Section 12), the receipt of cash for your tendered Shares generally will be treated, for U.S. federal income tax purposes, either as (i) a sale or exchange eligible for capital gain or loss treatment or (ii) a dividend. *See Section 12.*

If you are a Non-U.S. Holder (as defined in Section 12), you should expect to be subject to U.S. federal withholding tax at a rate of 30% on the gross payments you receive pursuant to the Offer, unless such consideration is effectively connected with your conduct of a trade or business within the United States, or such withholding rate is subject to reduction or elimination by applicable treaty, in each case as evidenced by forms that you furnish to the Depository (or other applicable withholding agent). *See Sections 3 and 12.*

We recommend that you consult your own tax advisor as to the particular tax consequences to you of the Offer.

Will I have to pay stock transfer tax if I tender my Shares?

If you instruct the Depository in the Letter of Transmittal to make the payment for the Shares to you as the registered holder, you will not incur any domestic stock transfer tax. We will pay all stock transfer taxes, if any, payable on the transfer to us of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if tendered book-entry accounts are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted. *See Section 5.*

Who do I contact if I have questions about the Offer?

For additional information or assistance, you may contact Evercore Group L.L.C., the Dealer Manager for the Offer, or Georgeson Inc., the Information Agent for the Offer, in each case at the telephone numbers and addresses set forth on the back cover of this Offer to Purchase. You may request additional copies of the Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other Offer materials from the Information Agent at the telephone numbers and addresses on the back cover of this Offer to Purchase.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Offer to Purchase and the documents that we incorporate by reference herein may contain forward-looking statements. Such forward-looking statements involve substantial risks, uncertainties and assumptions. All statements contained or incorporated by reference herein that are not of historical fact, including, without limitation, statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, intentions, expectations, goals and objectives, may be forward-looking statements. The words “anticipates,” “believes,” “could,” “designed,” “estimates,” “expects,” “goal,” “intends,” “may,” “objective,” “plans,” “projects,” “pursue,” “will,” “would” and similar expressions (including the negatives thereof) are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, expectations or objectives disclosed in our forward-looking statements and the assumptions underlying our forward-looking statements may prove incorrect. Therefore, you should not place undue reliance on our forward-looking statements. Actual results or events could materially differ from the plans, intentions, expectations and objectives disclosed in the forward-looking statements that we make.

Factors that might cause such differences include, but are not limited 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 Theravance (including the company’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 expectations of future share purchases 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;
- projections of revenue, expenses and other financial items; and
- risks related to the implementation of our share repurchase program as currently contemplated.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are described in Theravance’s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as well as additional factors we may describe from time to time in other filings with the SEC made pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, as referenced in “Certain Information Concerning the Company—Incorporation by Reference.” You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties. In light of the significant uncertainties inherent in the forward-looking statements included or incorporated by reference in this Offer to Purchase, you should not regard the inclusion of this information as a representation by us or any other person that the performance, events or developments described in those statements or objectives and plans will occur. For these reasons, we caution you against relying on forward-looking statements. The forward-looking statements included or incorporated by reference in this Offer to Purchase are made only as of the date of this Offer to Purchase or the relevant incorporated documents, as the case may be, and, except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes.

INTRODUCTION

To the Holders of our Shares:

Theravance invites its stockholders to tender some or all of their Shares for purchase by us pursuant to the Offer. Upon the terms and subject to the conditions set forth in this Offer to Purchase and the Letter of Transmittal, we are offering to purchase Shares pursuant to (i) Auction Tenders at prices specified by the tendering stockholders of not less than \$8.50 and not greater than \$9.25 per Share or (ii) Purchase Price Tenders. We are offering to purchase Shares having an aggregate purchase price of up to \$75,000,000. After the Expiration Time, assuming the conditions to the Offer have been satisfied, in our reasonable judgment, or waived, we will select the single lowest price within the price range for the Offer that will allow us to purchase Shares having an aggregate purchase price of up to \$75,000,000. Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction, in our reasonable judgment, or waiver of the conditions to the Offer. All Shares acquired in the Offer will be purchased at the Purchase Price, even for stockholders who have selected a price lower than the Purchase Price, but we will not purchase any Shares tendered at a price above the Purchase Price. Our Offer is being made upon the terms and subject to the conditions set forth in this Offer to Purchase and the Letter of Transmittal, which, as amended or supplemented from time to time, together constitute the Offer.

Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be purchased. However, because of the proration and “Odd Lot” priority provisions described in this Offer to Purchase, all of the Shares tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender) will not be purchased if Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000. We will return any Shares (i) that are tendered at prices in excess of the Purchase Price and (ii) that we do not purchase because of proration, in each case, as promptly as practicable after the Expiration Time and without expense to the stockholders. *See Section 3.*

Unless tendering directly through DTC, stockholders must complete, among other items, the section of the Letter of Transmittal relating to the price at which they are tendering Shares in order to validly tender Shares. Stockholders who validly tender Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender. Any stockholder not tendering directly through DTC who wishes to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares that are the subject of such Letter of Transmittal are being tendered. A stockholder tendering Shares through DTC using DTC’s Automated Tender Offer Program (“ATOP”) who wishes to tender Shares at more than one price must complete a separate ATOP transfer with respect to the Shares to be tendered at each price. The same Shares cannot be tendered at more than one price, unless such Shares have been previously and validly withdrawn. *See Sections 3 and 4.*

The Offer is not conditioned on any minimum number of Shares being tendered. Our obligation to accept, and pay for, Shares validly tendered and not validly withdrawn pursuant to the Offer is conditioned upon satisfaction or waiver of certain other conditions. *See Section 6.*

OUR BOARD OF DIRECTORS HAS AUTHORIZED US TO MAKE THE OFFER. HOWEVER, NONE OF THE COMPANY, OUR BOARD OF DIRECTORS, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER, AND AT WHAT PRICE OR PRICES, TO TENDER YOUR SHARES PURSUANT TO THE OFFER. IN DOING SO, YOU SHOULD READ CAREFULLY THE INFORMATION IN THIS OFFER TO PURCHASE, IN THE RELATED LETTER

OF TRANSMITTAL AND IN THE OTHER OFFER MATERIALS, INCLUDING THE PURPOSE AND EFFECTS OF THE OFFER. SEE SECTION 2. YOU SHOULD DISCUSS WHETHER TO TENDER YOUR SHARES WITH YOUR BROKER AND/OR FINANCIAL OR TAX ADVISOR.

In accordance with the rules of the SEC, we may, and we expressly reserve the right to, purchase up to an additional 2% of the outstanding Shares, without extending the Expiration Time.

If Shares having an aggregate purchase price of more than \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law) are validly tendered at or below the Purchase Price and not validly withdrawn, we will purchase Shares in the following order of priority:

- *First*, we will purchase all Odd Lots of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holders will not qualify for this preference), and
- *Second*, after purchasing all the Odd Lots that were validly tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), we will purchase Shares at the Purchase Price from all other stockholders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional Shares, until we have acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law).

Therefore, we may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price or by Purchase Price Tender.

The Purchase Price will be paid net to the seller in cash, less any applicable withholding taxes and without interest, for all Shares purchased in the Offer. Tendering stockholders who hold Shares registered in their own name and who tender their Shares directly to the Depositary will not be obligated to pay brokerage commissions, solicitation fees or stock transfer taxes on the purchase of Shares by us in the Offer. Stockholders holding Shares in a brokerage account or otherwise through brokers, dealers, commercial banks, trust companies or other nominees are urged to consult such nominees to determine whether transaction costs may apply if stockholders tender Shares through such nominees and not directly to the Depositary. *See Sections 3 and 12 regarding certain U.S. federal income tax consequences of the Offer.*

In addition, holders of vested but unexercised stock options outstanding under any of the Company's 2012 Equity Incentive Plan, 2008 New Employee Equity Incentive Plan and 2004 Equity Incentive Plan (collectively, the "Equity Plans") may, subject to the requirements of the applicable Equity Plan and award agreement, exercise such options and tender some or all of the Shares issued pursuant to such exercise in the Offer. Such holders must complete the exercise of such vested options sufficiently in advance of the Expiration Time in order to provide adequate time to validly tender any such Shares in the Offer. *See Sections 3 and 10 for more information on the Equity Plans generally.*

Holders of restricted stock and restricted stock units outstanding under any of our Equity Plans may not tender the Shares underlying such awards in the Offer unless and until the applicable Shares or units have vested and, with respect to restricted stock units, the holder thereof has received the underlying Shares free of restrictions on the transfer of such Shares. Holders of restricted stock and/or restricted stock units which vest on November 20, 2015 may tender the underlying Shares after they vest (and with respect to restricted stock units, settle), provided such tender occurs prior to the Expiration Time. *See Section 3.*

Participants in our ESPP may tender Shares that they have purchased through the ESPP, including Shares purchased during the purchase period which ends on November 15, 2015, following receipt of such Shares free of restrictions on the transfer of such Shares.

We will pay all fees and expenses incurred in connection with the Offer by Georgeson Inc., the Information Agent for the Offer, Computershare Trust Company, N.A., the Depository for the Offer, and Evercore Group L.L.C., the Dealer Manager for the Offer. *See Section 15.*

As of October 28, 2015, the business day preceding the date on which we announced our intention to make the Offer, we had 117,425,815 issued and outstanding Shares. At the maximum Purchase Price of \$9.25 per Share, we would purchase 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of our issued and outstanding Shares as of October 28, 2015. At the minimum Purchase Price of \$8.50 per Share, we would purchase 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of our issued and outstanding Shares as of October 28, 2015.

If any of our stockholders who hold Shares in their own name as holders of record or who are “registered holders” as participants in DTC’s system whose names appear on a security position listing tender their Shares in full and that tender is accepted in full, the number of our record holders would be reduced.

On October 29, 2015, the last full trading day before we commenced the Offer, the closing price of the Shares on NASDAQ was \$8.81. The lower end of the price range for the Offer is below the reported price per Share as of October 29, 2015. **We recommend that you obtain current market quotations for the Shares before deciding whether, and at what price or prices, to tender your Shares pursuant to the Offer.** *See Section 7.*

THE OFFER

1. Number of Shares; Purchase Price; Proration.

Upon the terms and subject to the conditions of the Offer, we will purchase Shares having an aggregate purchase price of up to \$75,000,000 validly tendered and not validly withdrawn in accordance with Section 4 before the Expiration Time at a Purchase Price not less than \$8.50 and not greater than \$9.25 per Share, net to the seller in cash, less any applicable withholding taxes and without interest. If Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction, in our reasonable judgment, or waiver of the conditions to the Offer.

The term “Expiration Time” means 5:00 P.M., New York City time, on Tuesday, December 1, 2015. We may, in our sole discretion, extend the period of time during which the Offer will remain open. In the event of an extension, the term “Expiration Time” will refer to the latest time and date at which the Offer, as extended by us, will expire. *See Section 14 for a description of our right to extend, delay, terminate or amend the Offer.*

If the Offer is over-subscribed as described below, Shares validly tendered at or below the Purchase Price and not validly withdrawn will be subject to proration, except for Odd Lots as described below. The proration period and, except as described herein, withdrawal rights expire at the Expiration Time.

In accordance with Instruction 5 to the Letter of Transmittal, stockholders desiring to tender Shares must either:

- effect the tender pursuant to an Auction Tender and specify the price or prices, not less than \$8.50 and not greater than \$9.25 per Share, at which they are willing to sell their Shares to us in the Offer, or
- effect the tender pursuant to a Purchase Price Tender and specify that they are willing to sell their Shares to us at the Purchase Price determined in the Offer.

Promptly following the Expiration Time, we will, upon the terms and subject to the conditions of the Offer, determine a single per Share price that we will pay for Shares validly tendered and not validly withdrawn pursuant to the Offer, taking into account the number of Shares tendered and the prices at which they are tendered. We will select the lowest purchase price specified by tendering stockholders that will allow us to buy Shares having an aggregate purchase price of up to \$75,000,000. Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, we will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction, in our reasonable judgment, or waiver of the conditions to the Offer. All Shares purchased in the Offer will be purchased at the same Purchase Price. If tendering stockholders wish to maximize the likelihood that their Shares will be purchased, they should validly tender their Shares pursuant to a Purchase Price Tender. Shares tendered pursuant to Purchase Price Tenders will be deemed to have been tendered at a price of \$8.50, the minimum price per Share under the Offer, for purposes of determining the Purchase Price. Accordingly, Purchase Price Tenders could result in the Purchase Price being lower and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.

Only Shares validly tendered at prices at or below the Purchase Price and not validly withdrawn will be purchased. However, because of the “Odd Lot” priority and proration provisions of the Offer, all of the Shares tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender) will not be purchased if Shares having an aggregate purchase price of more than \$75,000,000 are validly tendered at or below the Purchase Price and not validly withdrawn. All Shares tendered and not purchased in the Offer, including Shares tendered at or below the Purchase Price and Shares not

purchased because of proration, will be returned to the tendering stockholders at our expense promptly following the Expiration Time.

If we (i) increase the price that may be paid for the Shares above \$9.25 per Share or decrease the price that may be paid for the Shares below \$8.50 per Share, (ii) increase the maximum number of Shares that we may purchase in the Offer by more than 2% of our outstanding Shares or (iii) decrease the amount of Shares that we may purchase in the Offer, then the Offer will be extended until the expiration of the period of at least ten business days from, and including, the date that such notice of an increase or decrease is first published, sent or given to the stockholders in the manner specified in Section 14.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. OUR OBLIGATION TO ACCEPT AND PAY FOR SHARES VALIDLY TENDERED PURSUANT TO THE OFFER IS, HOWEVER, SUBJECT TO OTHER CONDITIONS. SEE SECTION 6.

Priority of Purchases. If Shares having an aggregate purchase price of more than \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law) are validly tendered at or below the Purchase Price and not validly withdrawn, we will purchase Shares in the following order of priority:

- *First*, we will purchase all Odd Lots of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holders will not qualify for this preference), and
- *Second*, after purchasing all the Odd Lots that were validly tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), we will purchase Shares at the Purchase Price from all other stockholders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional Shares, until we have acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law).

Therefore, we may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price (including by Purchase Price Tender). As we noted above, we may elect to purchase Shares having an aggregate purchase price of more than \$75,000,000, subject to applicable law. If we do so, the preceding provisions will apply to the greater value.

Odd Lots. The term “Odd Lots” means all Shares tendered by any person (an “Odd Lot Holder”) who owned, beneficially or of record, an aggregate of fewer than 100 Shares and so certifies in the appropriate place on the Letter of Transmittal and, if applicable, the Notice of Guaranteed Delivery. This preference is not available to partial tenders or beneficial or record holders of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. Odd Lots will be accepted for payment at the same time as other tendered Shares.

Proration. If proration of tendered Shares is required, we will determine the proration factor promptly following the Expiration Time. Proration for each stockholder tendering Shares (excluding Odd Lot Holders) will be based on the ratio of the number of Shares validly tendered and not validly withdrawn by the stockholder to the total number of Shares validly tendered and not validly withdrawn by all stockholders (excluding Odd Lot Holders). Because of the difficulty in determining the number of Shares validly tendered and not validly withdrawn, including pursuant to the guaranteed delivery

procedures, we do not expect that we will be able to announce the final proration factor, if any, or commence payment for any Shares purchased pursuant to the Offer until after the delivery of Shares tendered at or below the Purchase Price by Notice of Guaranteed Delivery. The preliminary results of any proration will be announced by press release promptly after the Expiration Time. Stockholders may obtain preliminary proration information from the Information Agent and also may be able to obtain the information from their brokers.

As described in Section 12, the number of Shares that we will purchase from a stockholder pursuant to the Offer may affect the U.S. federal income tax consequences to the stockholder of the purchase and, therefore, may be relevant to a stockholder's decision whether or not to tender Shares. The Letter of Transmittal affords each stockholder who tenders Shares registered in such stockholder's name directly to the Depository the opportunity to designate the order of priority in which Shares tendered are to be purchased in the event of proration. This Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of the Shares and will be furnished to brokers, dealers, commercial banks, trust companies or other nominee stockholders whose names, or the names of whose nominees, appear on our stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

2. Purpose of the Offer; Certain Effects of the Offer.

Purpose of the Offer.

On October 28, 2015, we announced that our Board of Directors approved the acceleration of our capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. This Offer is a component of this program. We are constantly evaluating ways to maximize value for our stockholders and, after careful consideration, taking into account the positive trend in sales of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® in the third quarter of 2015, our expectations for additional sales growth 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 a significant enhancement of stockholder returns. The repurchase of Shares pursuant to the Offer coupled with our ongoing collaboration with GSK to maximize the value of RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA® is designed to demonstrate our commitment to stockholder value creation.

In determining to authorize the share repurchase program and the Offer, our Board of Directors considered a broad range of factors, including the aggregate fair market value of our assets and the total amount of our liabilities (including contingent liabilities), the amount of excess capital we have available to return to stockholders, market conditions, our financial condition, operations, liquidity and capital needs, strategy and expectations for the future, the current and historical market prices of our Shares, alternative methods of utilizing our excess capital and the potential attractiveness of the Offer to our stockholders. Our Board of Directors also considered risks and uncertainties, including the potential for negative developments relating to our business, the securities markets generally and our ability to resolve contingent liabilities at the amounts and at the times currently estimated.

Based on this review, our Board of Directors determined that the Offer is a prudent use of our financial resources and represents an efficient mechanism to provide our stockholders with the opportunity to tender all or a portion of their Shares and thereby receive a return of some or all of their investment if they so elect. In particular, our Board of Directors believes the "modified Dutch auction" tender offer set forth in this Offer to Purchase provides stockholders with an opportunity to obtain liquidity with respect to all or a portion of their Shares without the usual transaction costs inherent in open market sales (e.g., brokerage commissions, solicitation fees and stock transfer taxes) and is consistent with our goal of stockholder value creation. Stockholders who choose not to tender their Shares will own a greater percentage ownership of our outstanding Shares following the

consummation of the Offer. In addition, stockholders who retain an equity interest in the Company as a result of a partial tender of Shares or proration also may own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. We also expect that the Offer, if completed, will be accretive to currently projected earnings per share, although there can be no assurance of this. We believe that we will have adequate cash generating capacity, and we expect that our current cash balances, anticipated cash flows from operations, borrowing capacity and incremental debt issuances, if any, will exceed our capital requirements for normal operations, capital expenditures, debt maintenance and acquisitions and other opportunities for growth that may arise.

OUR BOARD OF DIRECTORS HAS AUTHORIZED US TO MAKE THE OFFER. HOWEVER, NONE OF THE COMPANY, OUR BOARD OF DIRECTORS, THE DEALER MANAGER, INFORMATION AGENT OR DEPOSITARY MAKES ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER THEM. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER, AND AT WHAT PRICE OR PRICES, TO TENDER YOUR SHARES PURSUANT TO THE OFFER. IN DOING SO, YOU SHOULD READ CAREFULLY THE INFORMATION IN THIS OFFER TO PURCHASE, IN THE RELATED LETTER OF TRANSMITTAL AND IN THE OTHER OFFER MATERIALS, INCLUDING THE PURPOSE AND EFFECTS OF THE OFFER. YOU SHOULD DISCUSS WHETHER TO TENDER YOUR SHARES WITH YOUR BROKER AND/OR FINANCIAL OR TAX ADVISOR.

Potential Risks and Disadvantages of the Offer. The Offer also presents some potential risks and disadvantages to us and our continuing stockholders. The amount of our cash and cash equivalents will decrease as a result of the Offer and the purchase of Shares pursuant thereto. In addition, the Offer will reduce our “public float” (the number of Shares owned by non-affiliate stockholders and available for trading in the securities markets), which could result in lower stock prices or reduced liquidity in the trading market for our Shares following completion of the Offer.

Certain Effects of the Offer. As of October 28, 2015, the day before we announced our intention to make the Offer, we had 117,425,815 issued and outstanding Shares. At the maximum Purchase Price of \$9.25 per Share, we would purchase 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of our issued and outstanding Shares as of October 28, 2015. At the minimum Purchase Price of \$8.50 per Share, we would purchase 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of our issued and outstanding Shares as of October 28, 2015.

Based on the published guidelines of NASDAQ and the conditions of the Offer, we expect that our purchase of Shares pursuant to the Offer will not result in delisting of our remaining Shares on NASDAQ. Our common stock is registered under the Exchange Act, which requires, among other things, that we furnish certain information to our stockholders and the SEC and comply with the SEC’s proxy rules in connection with meetings of our stockholders. We expect that our purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for termination of registration under the Exchange Act. The Offer is conditioned upon, among other things, us determining that the consummation of the Offer will not cause our Shares to be delisted from NASDAQ or our Shares to be held by fewer than 300 persons. See Section 6.

Stockholders may be able to sell non-tendered Shares in the future on NASDAQ or otherwise, at a net price higher or lower than the purchase price in the Offer. The lower end of the price range for the Offer is below the reported price per Share as of October 29, 2015, the last full trading day before we commenced the Offer. We can give no assurance, however, as to the price at which a stockholder may be able to sell such Shares in the future.

Stockholders who choose not to tender their Shares will own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. In addition, stockholders who retain

an equity interest in the Company as a result of a partial tender of Shares or proration also may own a greater percentage ownership of our outstanding Shares following the consummation of the Offer. We can give no assurance, however, that we will not issue additional Shares or equity interests in the future.

If certain of our large stockholders do not participate in the Offer, it will further concentrate their ownership of Theravance. Concentrated ownership may limit the ability of our stockholders to influence corporate matters and may also have the effect of delaying, preventing or defeating a change of control. See Section 10 for information regarding the beneficial ownership of certain of Theravance 's large stockholders.

The accounting for our purchase of Shares in the Offer will result in a reduction of our GAAP stockholders' equity in an amount equal to the aggregate purchase price of the Shares we purchase and a reduction in cash and cash equivalents in a corresponding amount.

We believe the Offer, if completed, will be accretive to currently projected earnings per Share, although there can be no assurance of this. We believe that we will have adequate cash generating capacity, and we expect that our current cash balances, anticipated cash flows from operations, borrowing capacity and incremental debt issuances, if any, will exceed our capital requirements for normal operations, capital expenditures and acquisitions and other opportunities for growth that may arise.

Our directors and executive officers do not intend to tender their Shares in the Offer. We are not aware of the intentions of any of our affiliated entities with respect to the Offer.

Shares we acquire pursuant to the Offer will be retired and will become authorized and unissued Shares.

The Offer also provides certain stockholders with an efficient way to sell their Shares without incurring brokers' fees or commissions. Where Shares are tendered by the registered owner of those Shares directly to the Depositary, the sale of those Shares in the Offer will permit the seller to avoid the usual transaction costs associated with open market transactions. Furthermore, Odd Lot Holders who hold Shares registered in their names and tender their Shares directly to the Depositary and whose Shares are purchased in the Offer will avoid not only the payment of brokerage commissions but also any applicable Odd Lot discounts that might be payable on sales of their Shares in transactions on NASDAQ.

Other Share Repurchases. On October 28, 2015, we announced that our Board of Directors approved the acceleration of our capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. This Offer is a component of this program.

After the completion or termination of the Offer, we intend to purchase additional Shares in the open market subject to market conditions. We also may purchase Shares in private transactions, exchange offers, tender offers or otherwise. Any of these purchases may be on the same terms as, or on terms more or less favorable to stockholders than, the terms of the Offer. However, Rule 13e-4 under the Exchange Act generally prohibits us and our affiliates from purchasing any Shares, other than through the Offer, until the expiration of at least ten business days after the expiration or termination of the Offer.

Our announcement of our share repurchase program does not obligate us to repurchase any specific dollar amount or number of our Shares beyond what is provided in this Offer, subject to the terms and conditions thereof. We will determine when, if and how to proceed with any other repurchase transactions under the program, as well as the amount of any such repurchase transactions, based upon considerations deemed relevant at the time, including the results of the Offer, the factors

considered by our Board of Directors in determining to authorize the Offer (as described above in this Section 2) as applicable at the time of determination, 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, its credit ratings, general financial, economic and market conditions, prevailing market prices for the Company's Shares, and corporate, regulatory and legal requirements, and other conditions and factors deemed relevant by the Company's management and Board of Directors. 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.

Other Plans. Except as otherwise disclosed in this Offer to Purchase, we currently have no plans, proposals or negotiations underway that relate to or would result in:

- any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or any of our subsidiaries;
- any purchase, sale or transfer of a material amount of our assets or any assets of our subsidiaries;
- any change in our present Board of Directors or management, including any plans or proposals to change the number or the term of directors (although we may fill vacancies arising on our Board of Directors) or to change any material term of the employment arrangements of any executive officer;
- any material change in our present dividend rate or policy;
- any class of our equity securities ceasing to be authorized to be listed on NASDAQ;
- any material change in our corporate structure or business;
- any class of our equity securities becoming eligible for termination of registration under Section 12(g)(4) of the Exchange Act;
- the suspension of our obligation to file reports under Section 15 of the Exchange Act;
- the acquisition or disposition by any person of our securities, other than pursuant to our share repurchase program as described above, the grant of restricted stock units, options and restricted stock to employees or directors in the ordinary course of business and the retention of our securities by the Company from employees or directors to satisfy our tax withholding obligations upon vesting or exercise of any such awards, shares or stock options; or
- any changes in our certificate of incorporation, bylaws or other governing instruments or other actions that could impede the acquisition of control of the Company.

We regularly consider alternatives to enhance stockholder value, including repurchases of Shares through open market purchases, private transactions, exchange offers, tender offers or other means, strategic acquisitions, divestitures and business combinations, and we intend to continue to consider alternatives to enhance stockholder value. Except as otherwise disclosed in this Offer to Purchase, as of the date hereof, no agreements, understandings or decisions have been reached with respect to, and there can be no assurance that we will decide to undertake, any such alternatives; however, we reserve the right to change our plans and intentions at any time, as we deem appropriate. Stockholders tendering Shares in the Offer may run the risk of foregoing the benefit of any appreciation in the market price of the Shares resulting from us deciding to undertake any such alternatives.

Our Board of Directors, working with its Nominating/Corporate Governance Committee, reviews the appropriate characteristics, skills and experience for the Board of Directors as a whole and its individual members and in connection therewith, from time to time, may consider increases in the size of our Board of Directors and the appointment of new directors.

3. Procedures for Tendering Shares

Valid Tender of Shares. For Shares to be validly tendered pursuant to the Offer:

- the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedure for book-entry transfer set forth below), together with a validly completed and duly executed Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined below), and any other documents required by the Letter of Transmittal, must be received before 5:00 P.M., New York City time, on Tuesday, December 1, 2015, or such later time and date to which we may extend the Offer, by the Depository at the applicable address set forth on the back cover of this Offer to Purchase; or
- the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

In accordance with Instruction 5 to the Letter of Transmittal, each stockholder who is not tendering through DTC and who desires to tender Shares in the Offer should either **check (i) one, and only one, of the boxes in the section of the Letter of Transmittal captioned "Auction Price Tenders: Shares Tendered at a Price Determined by You,"** indicating the price (in increments of \$0.05) at which Shares are being tendered, or **(ii) the box in the section of the Letter of Transmittal captioned "Purchase Price Tenders: Shares Tendered at a Price Determined Pursuant to the Offer,"** in which case the stockholder will be deemed to have tendered his or her Shares at the minimum price of \$8.50 per Share for purposes of determining the Purchase Price. **Stockholders who validly tender Shares without specifying whether they are making an Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.**

If tendering stockholders wish to maximize the likelihood that their Shares will be purchased, they should check the box in the section on the Letter of Transmittal captioned "Purchase Price Tenders: Shares Tendered at a Price Determined Pursuant to the Offer." Shares tendered pursuant to Purchase Price Tenders will be deemed to have been tendered at a price of \$8.50 per Share (which is the minimum price per Share under the Offer) for purposes of determining the Purchase Price. **Accordingly, Purchase Price Tenders could result in the Purchase Price being lower and could result in your Shares being purchased at the minimum price in the Offer.** See Section 7 for recent market prices for our Shares.

If tendering stockholders wish to indicate a specific price at which their Shares are being tendered, they must check a box under the section captioned "Auction Price Tenders: Shares Tendered at a Price Determined by You." Tendering stockholders should be aware that this election could mean that none of their Shares will be purchased if they check a box representing a price that is greater than the Purchase Price. A stockholder not tendering directly through DTC using ATOP who wishes to tender Shares at more than one price must complete separate Letters of Transmittal for each price at which Shares are being tendered. A stockholder tendering Shares through DTC using ATOP who wishes to tender Shares at more than one price must complete a separate ATOP transfer with respect to the Shares to be tendered at each price. The same Shares cannot be tendered (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price. Separate notices of withdrawal (described in Section 4) are not required for each Letter of Transmittal unless each Letter of Transmittal tenders Shares at different prices; however, absent a notice of withdrawal, subsequent Letters of Transmittal do not revoke prior Letters of Transmittal. Stockholders may contact the Depository for additional instructions.

Stockholders holding their Shares in a brokerage account or otherwise through a broker, dealer, commercial bank, trust company or other nominee, must contact such nominee in order to tender their Shares. It is likely that the nominee will establish an earlier deadline for you to act to instruct the nominee to accept the Offer on your behalf. Stockholders who hold Shares through nominee

stockholders are urged to consult such nominees to determine whether transaction costs may apply if stockholders tender Shares through the nominees and not directly to the Depositary.

The valid tender of Shares by you through one of the procedures described in this Section 3 will constitute a binding agreement between you and us on the terms of, and subject to the conditions to, the Offer, which agreement will be governed by, and construed in accordance with, the laws of the State of New York.

The Company will not accept Shares subject to conditional tenders, such as acceptance of all or none of the Shares tendered by any tendering stockholder.

Signature Guarantees and Method of Delivery. No signature guarantee is required if:

- the Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this Section 3, will include any participant in DTC whose name appears on a security position listing as the owner of the Shares) tendered and the holder has not completed the section captioned “Special Issuance Instructions” on the Letter of Transmittal; or
- Shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or an “eligible guarantor institution,” as the term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing constituting an “Eligible Institution”).

A “registered holder” of tendered Shares will include any participant in DTC’s system whose name appears on a security position listing as the owner of those Shares, and an “eligible institution” is a “financial institution,” which term includes most commercial banks, savings and loan associations and brokerage houses, that is a participant in any of the following: (i) the Securities Transfer Agents Medallion Program; (ii) the New York Stock Exchange Medallion Signature Program; or (iii) the Stock Exchange Medallion Program.

Except as described above, all signatures on any Letter of Transmittal for Shares tendered thereby must be guaranteed by an Eligible Institution. *See Instructions 6 and 8 to the Letter of Transmittal.* If the certificates for Shares are registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made or certificates for Shares not tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signatures on the certificates or stock powers guaranteed by an Eligible Institution. *See Instructions 6 and 8 to the Letter of Transmittal.*

If a book-entry account system is registered in the name of a person other than the person executing a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be returned, to a person other than the registered holder, then the book-entry account system must be endorsed or accompanied by an appropriate stock power, signed in either case exactly as the name of the registered holder appears on the book-entry account system, with the signature guaranteed by an Eligible Institution.

In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of a validly completed and duly executed Letter of Transmittal, including any required signature guarantees, or an Agent’s Message in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal.

Stockholders also can specify the order in which we will purchase the specified portions in the event that, as a result of the proration provisions or otherwise, we purchase some but not all of the tendered Shares pursuant to the Offer. In the event the stockholder does not designate the order and fewer than all Shares are purchased due to proration, the Depositary will select the order of Shares purchased.

Odd Lot Holders who tender all of their Shares must also complete the section captioned “Odd Lots” in the Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, to qualify for the priority treatment available to Odd Lot Holders as set forth in Section 1.

The method of delivery of all documents, including the Letter of Transmittal and any other required documents, including through DTC, is at the election and risk of the tendering stockholder. Shares will be deemed delivered only when actually received by the Depository (including, in the case of a book-entry transfer, by book-entry confirmation). If delivery is by mail, then registered mail with return receipt requested, validly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

All deliveries in connection with the Offer, including a Letter of Transmittal and certificates for Shares, must be made to the Depository and not to us, the Dealer Manager, the Information Agent or DTC. ANY DOCUMENTS DELIVERED TO US, THE DEALER MANAGER, THE INFORMATION AGENT OR DTC WILL NOT CONSTITUTE VALID DELIVERY TO THE DEPOSITARY.

Book-Entry Delivery. For purposes of the Offer, the Depository will establish an account with respect to the Shares for purposes of the Offer at DTC within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in DTC’s system may make book-entry delivery of the Shares by causing DTC to transfer Shares into the Depository’s account in accordance with DTC’s procedures for transfer. Although delivery of Shares may be effected through a book-entry transfer into the Depository’s account at DTC, either (i) a validly completed and duly executed Letter of Transmittal, with any required signature guarantees, or an Agent’s Message, and any other required documents must be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase before the Expiration Time, or (ii) the guaranteed delivery procedure described below must be followed. Delivery of the Letter of Transmittal and any other required documents to DTC does not constitute delivery to the Depository.

The term “Agent’s Message” means a message transmitted by DTC to, and received by, the Depository and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgement from the DTC participant tendering Shares that such DTC participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Company may enforce such agreement against such DTC participant.

Guaranteed Delivery. If a stockholder wishes to tender Shares pursuant to the Offer and such stockholder’s certificates for Shares are not immediately available or the procedure for book-entry transfer cannot be completed before the Expiration Time, or if time will not permit all required documents to reach the Depository before the Expiration Time, the Shares still may be tendered, if all of the following conditions are satisfied:

- the Depository receives by facsimile transmission, on or before the Expiration Time, a validly completed and duly executed Notice of Guaranteed Delivery substantially in the form the Company has provided with this Offer to Purchase, including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery; and
- the confirmation of book-entry transfer of the Shares into the Depository’s account at DTC, together with a validly completed and duly executed Letter of Transmittal, or an Agent’s Message in the case of a book-entry transfer, and any required signature guarantees and other documents required by the Letter of Transmittal, are received by the Depository within three business days after the date of receipt by the Depository of the Notice of Guaranteed Delivery.

Stockholders may contact the Dealer Manager, Information Agent or the stockholder’s broker for assistance. The contact information for the Dealer Manager and the Information Agent is on the back cover page of this Offer to Purchase.

Stock Options. Holders of vested but unexercised stock options to purchase Shares may exercise such options in accordance with the requirements of the applicable Equity Plan and award agreement and tender the Shares received pursuant to such exercise in accordance with the Offer. See “Valid Tender of Shares” above. Holders of vested but unexercised stock options should evaluate the information included in this Offer to Purchase carefully to determine if participation would be advantageous to them, based on their stock option exercise prices, the date of their stock option grants, the years left to exercise their options, the range of tender prices and the provisions for pro rata purchases by us described in Section 1 and other considerations they may consider to be relevant. Please be advised that it is the optionholder’s responsibility to tender Shares in the Offer to the extent such holder wants to participate. If you elect to exercise vested options and tender Shares issued pursuant to such exercise, you must complete the exercise of such vested options sufficiently in advance of the Expiration Time in order to provide you with adequate time to validly tender the Shares in the Offer. Exercises of options cannot be revoked even if some or all of the Shares received upon the exercise thereof and tendered in the Offer are not purchased pursuant to the Offer for any reason. Employees tendering shares acquired upon exercise of incentive stock options under the U.S. federal income tax rules should be aware that “disqualifying disposition” rules may apply. We strongly encourage optionholders to discuss the Offer with their own tax advisors, financial advisors and/or brokers.

Restricted Stock. Holders of restricted stock outstanding under any of our Equity Plans may not tender such Shares in the Offer unless and until such Shares have vested. Once such Shares have vested, you may tender some or all of these Shares in the Offer, subject to the terms and conditions of the Offer. Holders of restricted stock which vest on November 20, 2015 may tender such Shares after they vest, provided such tender occurs prior to the Expiration Time.

Restricted Stock Units. Holders of restricted stock units outstanding under any of our Equity Plans may not tender the Shares underlying such awards in the Offer unless and until such restricted stock units have vested and the holder thereof has received the underlying Shares free of restrictions on the transfer of such Shares. Once Shares underlying the restricted stock units have vested, and you have received the underlying Shares free of restrictions on the transfer of such Shares, you may tender some or all of such Shares in the Offer, subject to the terms and conditions of the Offer. Holders of restricted stock units which vest on November 20, 2015 may tender the underlying shares after they vest and settle, provided such tender occurs prior the Expiration Time.

Employee Stock Purchase Plan. Participants in our ESPP may tender Shares that they have purchased through the ESPP, including Shares purchased during the purchase period, which ends on November 15, 2015, following receipt of such Shares free of restrictions on the transfer of such Shares. Employees tendering Shares acquired under the ESPP should be aware that “disqualifying disposition” rules may apply for U.S. federal income tax purposes. We strongly encourage ESPP participants to discuss the Offer with their own tax advisors, financial advisors and/or brokers.

Return of Unpurchased Shares. If any tendered Shares are not purchased or are validly withdrawn, the Shares not purchased will be credited to the appropriate account maintained by the tendering stockholder at DTC, or, in the case of Shares in certificate form, the Depository will return certificates as promptly as practicable after the expiration or termination of the Offer or the valid withdrawal of the Shares as applicable, in each case without expense to the stockholder.

Backup Withholding. Under U.S. federal income tax laws, payments to a tendering stockholder may be subject to “backup withholding” at a 28% rate, unless a tendering stockholder:

- provides a correct taxpayer identification number (which, for an individual stockholder, is the stockholder’s social security number) and any other required information; or
- is an exempt recipient and, when required, demonstrates this fact and otherwise complies with applicable requirements of the backup withholding rules.

A tendering stockholder that does not provide a correct taxpayer identification number may be subject to penalties imposed by the U.S. Internal Revenue Service (the "IRS"). To prevent backup withholding on cash payable under the Offer, each tendering stockholder that is a U.S. person should provide the Depository (or other applicable withholding agent) with his or her correct taxpayer identification number and certify that he or she is not subject to backup withholding by completing the IRS Form W-9 included in the Letter of Transmittal. In order to qualify as an exempt recipient, a tendering stockholder that is not a U.S. person should complete and sign the appropriate IRS Form W-8, attesting to that stockholder's exempt status. Such forms may be obtained from the Depository or from the IRS website at www.irs.gov. See Section 12 and "Important U.S. Tax Information" in the Letter of Transmittal.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld under the backup withholding rules as a credit against their U.S. federal income tax liability, and may claim a refund if they timely provide certain required information to the IRS.

U.S. Federal Withholding Tax on Payments to Non-U.S. Holders. Non-U.S. Holders (as defined herein) may be subject to a 30% U.S. federal withholding tax on payments received pursuant to the Offer. As described in Section 12, a sale of Shares pursuant to the Offer may qualify for sale or exchange treatment or may constitute a taxable dividend, depending on a particular stockholder's facts and circumstances. The applicable withholding agent generally will treat payments made to Non-U.S. Holders pursuant to the Offer as taxable dividends. Accordingly, in compliance with U.S. federal income tax laws, Non-U.S. Holders should expect that the applicable withholding agent will withhold 30% of the gross proceeds payable to a Non-U.S. Holder unless the holder provides the applicable withholding agent with (i) a validly executed IRS Form W-8BEN or W-8BEN-E (or other applicable IRS Form W-8) certifying that it is entitled to a reduced rate of withholding under an applicable tax treaty and that it is not subject to withholding under the provisions commonly referred to as "FATCA" or (ii) a validly executed IRS Form W-8ECI certifying that it is exempt from withholding because the payment is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States. A Non-U.S. Holder may be eligible to obtain a refund of all or a portion of any tax withheld if its sale of Shares pursuant to the Offer satisfies the requirements for sale or exchange treatment described in Section 12 or the Non-U.S. Holder is otherwise able to establish that no tax or a reduced amount of tax is due.

Non-U.S. Holders are urged to consult their tax advisors regarding the application of U.S. federal withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the Purchase Price to be paid for Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by us, in our sole discretion, and our determination will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. We reserve the absolute right prior to the Expiration Time to reject any or all tenders of any Shares that we determine are not in valid form or the acceptance for payment of or payment for which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right, subject to applicable law, to waive any of the conditions of the Offer prior to the Expiration Time with respect to all tendered Shares. We also reserve the absolute right to waive any defect or irregularity in any tender with respect to any particular Shares or any particular stockholder, whether or not the Company waives similar defects or irregularities in the case of any other stockholder. No tender of Shares will be deemed to have been validly made until all defects or irregularities have been cured by the tendering stockholder or waived by us. We will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender of Shares. None of us, the Dealer Manager, the Information Agent, the Depository or

any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any such person incur any liability for failure to give any notice. Our interpretations of the terms of and conditions to the Offer, including the Letter of Transmittal and the instructions thereto, will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction

Tendering Stockholder's Representation and Warranty; Acceptance by Theravance Constitutes an Agreement. A tender of Shares pursuant to any of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering stockholder's representation and warranty to us that (i) the stockholder has a "net long position," within the meaning of Rule 14e-4 promulgated by the SEC under the Exchange Act, in the Shares or equivalent securities at least equal to the Shares being tendered, and (ii) the tender of Shares complies with Rule 14e-4. It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender Shares for that person's own account unless, at the time of tender and at the end of the proration period or period during which Shares are accepted by lot (including any extensions thereof), the person so tendering (x) has a net long position equal to or greater than the amount of (A) Shares tendered or (B) other securities convertible into or exchangeable or exercisable for the Shares tendered and will acquire the Shares for tender by conversion, exchange or exercise and (y) will deliver or cause to be delivered the Shares in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. Our acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and us upon the terms and conditions of the Offer, which agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

A tender of Shares made pursuant to any method of delivery set forth herein will also constitute a representation and warranty to us that the tendering stockholder has full power and authority to tender, sell, assign and transfer the Shares tendered, and that, when the same are accepted for purchase by us, we will acquire good, marketable and unencumbered title thereto, free and clear of all security interests, liens, restrictions, claims, encumbrances, conditional sales agreements and other obligations relating to the sale or transfer of the Shares, and the same will not be subject to any adverse claim or right. Any such tendering stockholder will, on request by the Depository or us, execute and deliver any additional documents deemed by the Depository or us to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered, all in accordance with the terms of the Offer.

A validly completed Letter of Transmittal, or Agents' Message, and any other documents required by the Letter of Transmittal must be delivered to the Depository and not to us, the Dealer Manager or the Information Agent. All authority conferred or agreed to be conferred by delivery of the Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the tendering stockholder and shall not be affected by, and shall survive, the death or incapacity of such tendering stockholder.

Lost Certificates. If the share certificates that a registered holder wants to surrender have been lost, destroyed or stolen, the stockholder should follow the instructions set forth in the Letter of Transmittal. *See Instruction 11 of the Letter of Transmittal.*

WE WILL DECIDE, IN OUR SOLE DISCRETION, ALL QUESTIONS AS TO THE NUMBER OF SHARES TO BE ACCEPTED, THE PURCHASE PRICE TO BE PAID FOR SHARES TO BE ACCEPTED AND THE VALIDITY, FORM, ELIGIBILITY (INCLUDING TIME OF RECEIPT) AND ACCEPTANCE FOR PAYMENT OF ANY TENDER OF SHARES, AND EACH SUCH DECISION WILL BE FINAL AND BINDING ON ALL PERSONS PARTICIPATING IN THE OFFER, SUBJECT TO SUCH PARTICIPANTS' DISPUTING SUCH DETERMINATION IN A COURT OF COMPETENT JURISDICTION.

CERTIFICATES FOR SHARES, TOGETHER WITH A VALIDLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL, OR AN AGENT'S MESSAGE, AND ANY OTHER DOCUMENTS REQUIRED BY THE LETTER OF TRANSMITTAL, MUST BE DELIVERED TO THE DEPOSITARY AND NOT TO US, THE DEALER MANAGER, THE INFORMATION AGENT OR DTC. ANY DOCUMENTS DELIVERED TO US, THE DEALER MANAGER, OR THE INFORMATION AGENT WILL NOT CONSTITUTE VALID DELIVERY TO THE DEPOSITARY.

4. Withdrawal Rights.

Shares tendered pursuant to the Offer may be withdrawn at any time before the Expiration Time. In addition, unless we have already accepted your tendered Shares for payment, you may withdraw your tendered Shares at any time after 11:59 P.M., New York City time, on December 29, 2015. If you have tendered your Shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct such nominee to arrange for the withdrawal of your Shares. Please be advised that any nominee holding your Shares may have its own deadline relating to the withdrawal of your Shares that differ from those set out in this Offer to Purchase. We recommend that you contact any nominee holding your Shares to determine its deadline.

If we extend the period of time during which the Offer is open, are delayed in accepting for payment or paying for Shares or are unable to accept for payment or pay for Shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, on our behalf, retain all Shares tendered, and such Shares may not be withdrawn except as otherwise provided in this Section 4, subject to Rule 13e-4(f)(5) under the Exchange Act, which provides that the issuer making the Offer shall either pay the consideration offered, or return the tendered securities, promptly after the termination or withdrawal of the Offer.

For a withdrawal to be effective, a notice of withdrawal must be in writing, must be received in a timely manner by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase and must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the name of the person who tendered the Shares.

A stockholder who has used more than one Letter of Transmittal or has otherwise tendered Shares in more than one group of Shares may withdraw Shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information in the preceding paragraph is included. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, before the release of those certificates, the tendering stockholder also must submit the serial numbers shown on those particular certificates for Shares to be withdrawn and, unless an Eligible Institution has tendered those Shares, the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer described in Section 3, the notice of withdrawal also must specify the name and the number of the account at DTC to be credited with the withdrawn Shares and must otherwise comply with DTC's procedures.

All questions as to the form and validity, including the time of receipt, of any notice of withdrawal will be determined by us, in our sole discretion, which determination will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. We also reserve the absolute right to waive any defect or irregularity in the withdrawal of Shares by any stockholder. None of us, the Dealer Manager, the Information Agent, the Depositary or any other person will be obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will any such person incur liability for failure to give any notice.

Withdrawals may not be rescinded, and any Shares validly withdrawn will be deemed not validly tendered for purposes of the Offer. However, withdrawn Shares may be re-tendered before the Expiration Time by again following one of the procedures described in Section 3.

5. Purchase of Shares and Payment of Purchase Price.

Upon the terms and subject to the conditions of the Offer, promptly following the Expiration Time, we will (i) determine the Purchase Price we will pay for Shares validly tendered and not validly withdrawn prior to the Expiration Time, taking into account the number of Shares so tendered and the prices specified by tendering stockholders and (ii) accept for payment and pay for (and thereby purchase) Shares with an aggregate purchase price of up to \$75,000,000 (or such greater value of Shares as we may elect to purchase, subject to applicable law) which are validly tendered at prices at or below the Purchase Price and not validly withdrawn on or before the Expiration Time. For purposes of the Offer, we will be deemed to have accepted for payment (and therefore purchased), subject to the Odd Lot priority and proration, Shares that are validly tendered at or below the Purchase Price and not validly withdrawn only when, as and if we give oral or written notice to the Depository of our acceptance of the Shares for payment in the Offer.

Upon the terms and subject to the conditions of the Offer, we will accept for payment and pay the Purchase Price for all such Shares promptly after the Expiration Time. In all cases, payment for Shares tendered and accepted for payment in the Offer will be made promptly, subject to the possible delay in the event of proration, but only after timely receipt by the Depository of certificates for Shares or book-entry confirmation of Shares into the Depository's account at DTC, a validly completed and duly executed Letter of Transmittal or an Agent's Message, in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal.

We will pay for Shares purchased in the Offer by depositing the aggregate purchase price for the Shares with the Depository, which will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to the tendering stockholders.

In the event of proration, we will determine the proration factor and pay for those tendered Shares accepted for payment promptly after the Expiration Time. However, we do not expect to be able to announce the final results of any proration and commence payment for Shares purchased until after the delivery of Shares tendered at or below the Purchase Price by notice of guaranteed delivery. Unless a stockholder specified otherwise in the Letter of Transmittal, certificates for all Shares tendered and not purchased, including Shares tendered at prices in excess of the Purchase Price and Shares not purchased due to proration, will be returned or, in the case of Shares tendered by book-entry transfer, will be credited to the account maintained with DTC by the participant who delivered the Shares, to the tendering stockholder at our expense promptly after the Expiration Time or termination of the Offer without expense to the tendering stockholders. **Under no circumstances will we pay interest on the Purchase Price for any reason, including but not limited to, by reason of any delay in making payment.** In addition, if certain events occur, we may not be obligated to purchase Shares pursuant to the Offer. *See Section 6.*

We will pay all stock transfer taxes, if any, payable on the transfer to us of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) unpurchased Shares are to be registered in the name of, any person other than the registered holder, or if tendered book-entry accounts are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the Purchase Price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption from payment of the stock transfer taxes, is submitted.

6. Conditions of the Offer.

The Offer is not conditioned on any minimum number of Shares being tendered. Notwithstanding any other provision of the Offer, we will not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of and the payment for Shares tendered, subject to Rule 13e-4(f) under the Exchange Act, if at any time on or after the commencement of the Offer and before or on the Expiration Time any of the following events occur (or shall have been reasonably determined by us to have occurred):

- there has been instituted, threatened, pending or taken any action, suit or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or by any other person, domestic, foreign or supranational, before any court, authority, agency or other tribunal that, in our reasonable judgment, directly or indirectly:
 - challenges or seeks to challenge, makes illegal, or delays or otherwise directly or indirectly restrains, prohibits or otherwise affects the making of the Offer, the acquisition by us of some or all of the Shares pursuant to the Offer, or any other matter relating to the Offer, or seeks to obtain any material damages or otherwise relating to the transactions contemplated by the Offer;
 - seeks to make the purchase of, or payment of, some or all of the Shares pursuant to the Offer illegal or results in a delay in our ability to accept for payment or pay for some or all of the Shares;
 - materially impairs the contemplated benefits of the Offer to us; or
 - could be expected to materially and adversely affect our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or otherwise materially impair in any way the contemplated future conduct of the business of us or any of our subsidiaries;
- any change in the general political, market, economic or financial conditions, domestically or internationally, that could, in our reasonable judgment, be expected to materially and adversely affect our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or otherwise materially impairs the contemplated future conduct of our or our subsidiaries' business, including, but not limited to, the following:
 - any general suspension of trading in, or limitation on prices for, securities on any U.S. national securities exchange or in the over-the-counter market;
 - the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
 - the commencement or material escalation, on or after October 29, 2015, of war, armed hostilities or other international or national calamity, including, but not limited to, an act of terrorism, directly or indirectly involving the United States;
 - any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, could materially affect, the extension of credit by banks or other lending institutions in the United States;

- any decrease of more than 10% in the market price for the Shares or in the general level of market prices for equity securities in the NASDAQ Composite Index, the Dow Jones Industrial Average, the New York Stock Exchange Composite Index or the Standard & Poor's 500 Composite Index measured from the close of trading on October 29, 2015, or any changes in the general political, market, economic or financial conditions in the United States or abroad that could have, in our reasonable judgment, a material adverse effect on the business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), income, operations, results of operations or prospects of us, our subsidiaries and our affiliates, or on the trading in the Shares or on the benefits we expect to receive from the Offer;
- a material change in U.S. or any other currency exchange rates or a suspension of or limitation on the markets for such currencies that, in our reasonable judgment, could have a material adverse effect on our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or on the trading in the Shares or on the benefits we expect to receive from the Offer; or
- in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
- there has been any legislation amending the Code that has passed either the U.S. House of Representatives or the Senate or otherwise is pending before the U.S. House of Representatives or the Senate or any committee thereof, the effect of which would be to change the United States federal income tax consequences of the consummation of the Offer in any manner that, in our reasonable judgment, could adversely affect us or any of our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects, or otherwise materially impairs the contemplated future conduct of our or our subsidiaries' business;
- a tender or exchange offer for any or all of the Shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or any of our subsidiaries, has been commenced, proposed or announced by any person or has been publicly disclosed or we have entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction;
- we learn that:
 - any entity, "group" (for purposes of the conditions of the Offer, as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of our outstanding Shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent publicly disclosed in a Schedule 13D or Schedule 13G filed with the SEC before October 30, 2015);
 - any entity, group or person who has filed a Schedule 13D or Schedule 13G with the SEC before October 30, 2015 has acquired or proposes to acquire, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than by virtue of the Offer), beneficial ownership of an additional 1% or more of our outstanding Shares; or
 - any new group has been formed that beneficially owns more than 5% of our outstanding Shares (options for and other rights to acquire Shares that are acquired or proposed to be acquired being deemed to be immediately exercisable or convertible for purposes of this clause);

- any person, entity or group has filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, reflecting an intent to acquire us or any Shares, or has made a public announcement reflecting an intent to acquire us or any of our subsidiaries or any of our respective assets or securities;
- any statute, rule, regulation, judgment, decree, injunction or order (preliminary, permanent or otherwise) has been proposed, sought, enacted, entered, promulgated, enforced or deemed to be applicable to the Offer or us or any of our subsidiaries by any court, government or governmental agency or other regulatory or administrative authority, domestic or foreign, which, in our reasonable judgment:
 - indicates that any approval or other action of any such court, agency or authority may be required in connection with the Offer or the purchase of Shares thereunder;
 - could be expected to prohibit, restrict or delay consummation of the Offer; or
 - otherwise could be expected to materially and adversely affect the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, results of operations or prospects of us or our subsidiaries;
- any change or changes have occurred or are threatened in our or our subsidiaries' business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, results of operations or prospects that, in our reasonable judgment, has or could be expected to have a material adverse effect on us or our subsidiaries, or on the trading in the Shares or on the benefits we expect to receive from the Offer; or
- we shall have determined that the consummation of the Offer and the purchase of the Shares may cause the Shares to be delisted from NASDAQ or held or record by fewer than 300 persons.

The conditions referred to above are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any condition, and may be waived by us, in whole or in part, at any time and from time to time in our reasonable discretion prior to the Expiration Time. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each such right will be deemed an ongoing right that may be asserted at any time prior to the Expiration Time. However, once the Offer has expired, then all of the conditions to the Offer must have been satisfied or waived. In certain circumstances, if we waive any of the conditions described above, we may be required to extend the Expiration Time. Any determination by us concerning the events described above will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. Our right to terminate or amend the Offer or to postpone the acceptance for payment of, or the purchase of and the payment for Shares tendered if any of the above listed events occur (or shall have been reasonably determined by us to have occurred) at any time on or prior to the Expiration Time shall not be affected by any subsequent event regardless of whether such subsequent event would have otherwise resulted in the event having been "cured" or ceasing to exist.

7. Price Range of Shares; Dividends.

Our Shares are listed for trading on NASDAQ. Our Shares trade on NASDAQ under the symbol "THRX."

Price Range of Shares. The following table sets forth, for the period indicated, the high and low sales prices per share for our Shares as reported on NASDAQ. On June 2, 2014, we completed the spin-off of Theravance Biopharma, Inc. (the "Spin-Off"), in which each of our stockholders received one ordinary share of Theravance Biopharma for every 3.5 shares of our common stock. The closing

price of Theravance Biopharma shares on the first day of regular trading was \$23.51, which represents an adjustment of \$6.72. The stock prices below have not been adjusted for the impact of the Spin-Off.

<u>Year ended December 31, 2013</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 25.42	\$ 19.71
Second Quarter	\$ 42.41	\$ 22.30
Third Quarter	\$ 42.96	\$ 34.76
Fourth Quarter	\$ 41.62	\$ 33.63

<u>Year ended December 31, 2014</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 40.82	\$ 29.88
Second Quarter	\$ 32.98	\$ 22.36
Third Quarter	\$ 31.80	\$ 17.06
Fourth Quarter	\$ 18.88	\$ 12.56

<u>Year ending December 31, 2015</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 21.16	\$ 10.58
Second Quarter	\$ 19.96	\$ 14.88
Third Quarter	\$ 18.25	\$ 6.36
Fourth Quarter (through October 29, 2015)	\$ 9.57	\$ 6.83

On October 28, 2015, the last full trading day before we announced our intention to make the Offer, the closing price of the Shares on NASDAQ was \$8.15 per Share. On October 29, 2015, the last full trading day before we commenced the Offer, the closing price of the Shares on NASDAQ was \$8.81. **We recommend that stockholders obtain a current market quotation for the Shares before deciding whether, and at what price or prices, to tender their Shares pursuant to the Offer.**

Dividends. We have issued a quarterly cash dividend of \$0.25 per Share in respect of each quarter since the third quarter of 2014, which corresponds to an annual dividend rate of \$1.00 per Share. Dividends paid totaled \$57.0 million and \$58.0 million in the year ended December 31, 2014 and the six months ended June 30, 2015, respectively.

On October 28, 2015, we announced the acceleration of our capital return plan with a \$150,000,000 share repurchase plan effective through the end of 2016, which replaced our quarterly dividend. The declaration and payment of future dividends will be at the discretion of our Board of Directors and will be dependent upon, among other factors, our future earnings, financial condition and capital requirements.

8. Source and Amount of Funds.

The maximum aggregate purchase price for the Shares purchased in the Offer will be \$75,000,000, unless the Offer is amended. We expect to fund the purchase of Shares in the Offer from our available cash and cash equivalents.

9. Certain Information Concerning the Company.

General. Theravance 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 GSK, including RELVAR®/BREO® ELLIPTA® and ANORO® ELLIPTA®, which were jointly developed by Theravance and GSK. Under the Long-Acting Beta 2 Agonist ("LABA") Collaboration Agreement and the Strategic Alliance Agreement with GSK, Theravance is eligible to receive the associated royalty revenues from RELVAR®/BREO® ELLIPTA®, ANORO® ELLIPTA®

and, if approved and commercialized, VI monotherapy. Theravance is also entitled to 15% of any future payments made by GSK under its agreements originally entered into with us, and since assigned to Theravance Respiratory Company, LLC (“TRC”), relating to the combination FF/UMEC/VI and the Bifunctional Muscarinic Antagonist-Beta 2 Agonist program, as monotherapy and in combination with other therapeutically active components, such as an inhaled corticosteroid, and any other product or combination of products that may be discovered and developed in the future under the LABA Collaboration Agreement (“LABA Collaboration”), which has been assigned to TRC other than RELVAR®/BREO® ELLIPTA®, ANORO® ELLIPTA® and VI monotherapy.

Our headquarters are located at 951 Gateway Boulevard, South San Francisco, California 94080. Theravance was incorporated in Delaware in November 1996 under the name Advanced Medicine, Inc. and began operations in May 1997. We changed our name to Theravance, Inc. in April 2002.

Where You Can Find More Information. We are subject to the informational filing requirements of the Exchange Act, and, accordingly, are obligated to file reports, statements and other information with the SEC relating to our business, financial condition and other matters. We also have filed a Tender Offer Statement on Schedule TO (the “Schedule TO”) with the SEC that includes additional information relating to the Offer. You may access and read our SEC filings, including the complete Schedule TO, all of the exhibits to it, and the documents incorporated therein by reference through the SEC’s website at www.sec.gov. You also may read and copy any document we file at the SEC’s public reference rooms in Washington, D.C. at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference rooms.

Incorporation by Reference. The rules of the SEC allow us to “incorporate by reference” information into this document, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The following documents that have been previously filed with the SEC contain important information about us and we incorporate them by reference (other than any portions of the respective filings that were furnished to, rather than filed with, the SEC under applicable SEC rules):

- our Annual Report on Form 10-K for the year ended December 31, 2014 (the “2014 Annual Report”);
- our Definitive Proxy Statement on Schedule 14A filed on March 24, 2015, as amended, but only to the extent that such information was incorporated by reference into the 2014 Annual Report;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2015;
- our Current Reports on Form 8-K filed on January 12, 2015, February 9, 2015, February 23, 2015, March 20, 2015, April 16, 2015, April 27, 2015, April 30, 2015, May 18, 2015, May 20, 2015, July 13, 2015, July 29, 2015, August 6, 2015, September 8, 2015, September 24, 2015, September 28, 2015, September 29, 2015, October 27, 2015 and October 28, 2015 (excluding in each case, if applicable, Items 2.02 and 7.01); and
- the description of Theravance’s outstanding common stock contained in Theravance’s Registration Statement No. 000-30319 on Form 8-A filed with the SEC on September 27, 2004, pursuant to Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

You can obtain any of the documents incorporated by reference in this document from the SEC’s website at the address described above. You also may request a copy of these filings, at no cost, by writing or telephoning the Information Agent at its address and telephone number set forth below.



You may obtain information regarding the Offer from the Information Agent as follows:

480 Washington Blvd., 26th Floor
Jersey City, NJ 07310

Banks, Brokers and Stockholders
Call Toll-Free: (866) 297-1410

Or Contact via E-mail at theravance@georgeson.com

10. Interests of Directors, Executive Officers and Affiliates; Recent Securities Transactions; Transactions and Arrangements Concerning the Shares.

Beneficial Ownership. As of October 28, 2015, the last full trading day before we announced our intention to make the Offer, we had 117,425,815 issued and outstanding Shares. Because the Purchase Price will be determined after the Expiration Time, the number of Shares that will be purchased will not be known until after that time. If the Offer is fully subscribed at the maximum Purchase Price, the 8,108,108 Shares that the Company would purchase in the Offer represent approximately 6.90% of the Shares issued and outstanding on October 28, 2015. If the Offer is fully subscribed at the minimum Purchase Price, the 8,823,529 Shares that the Company would purchase in the Offer represent approximately 7.51% of the Shares issued and outstanding on October 28, 2015.

Our directors and executive officers do not intend to tender their Shares in the Offer. As of October 28, 2015, our directors and executive officers as a group (10 persons) beneficially owned, as defined in accordance with the rules of the SEC, an aggregate of approximately 1,457,475 Shares (including Shares that such persons had the right to purchase within 60 days of October 28, 2015 pursuant to outstanding options and share awards for each such person), representing approximately 1.24% of the total number of issued and outstanding Shares (including the Shares and share awards referred to in the preceding parenthetical). Accordingly, assuming the completion of the Offer, the proportional holdings of our directors and executive officers will increase. Further, our directors and executive officers may, in compliance with applicable law and subject to any applicable restrictions on transfer, sell their Shares in open market transactions at prices that may or may not be more favorable than the Purchase Price to be paid to our stockholders in the Offer.

The following table shows the number of shares of common stock beneficially owned by (i) each of our directors, (ii) each of our executive officers and (iii) all directors and executive officers as a group. The address of each of our directors and executive officers is care of Theravance, Inc., 951 Gateway Boulevard, South San Francisco, California 94080. We based the share amounts on each person's beneficial ownership of our Shares as of October 28, 2015. The number of Shares beneficially owned is determined under rules of the SEC. The information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any Shares as to which the individual has either sole or shared voting power or investment power and also any Shares that the individual has the right to acquire within 60 days through the exercise of any stock option or other right. The last column of the table below reflects ownership percentages after giving effect to the Offer, assuming Theravance purchases 8,823,529 Shares (the maximum number of Shares we would purchase at the minimum Purchase Price of \$8.50) and that Theravance's directors and executive

officers do not tender any shares. Unless otherwise indicated in the footnotes, each person has sole voting and investment power with respect to Shares set forth in the following table:

Name and Address of Beneficial Owner(1)	Number of Shares	Percent of Total Outstanding Common Stock	
		Prior to Offer	Following Offer
William Waltrip(2)	204,391	*	*
Michael W. Aguiar(3)	584,686	*	*
Cathy Friedman(4)	48,894	*	*
Terrence Kearney(5)	44,794	*	*
Paul Pepe(4)	48,894	*	*
James L. Tyree(4)	46,456	*	*
Eric d'Esparbes	139,443	*	*
George Abercrombie(6)	118,929	*	*
Theodore Witek(7)	115,700	*	*
Michael Faerm	105,288	*	*
All current executive officers and directors as a group (10 persons)(8)	1,457,475	1.24%	1.34%

* Less than one percent.

- (1) Unless otherwise indicated, the address for each beneficial owner is c/o Theravance, Inc., 951 Gateway Boulevard, South San Francisco, California 94080.
- (2) Includes: (i) 73,202 shares subject to stock options exercisable within 60 days of October 30, 2015 and (ii) 7,585 shares subject to restricted stock units ("RSUs") that will settle within 60 days of October 30, 2015.
- (3) Includes 152,033 shares subject to stock options exercisable within 60 days of October 30, 2015.
- (4) Includes 13,274 shares subject to stock options exercisable within 60 days of October 30, 2015.
- (5) Includes 7,711 shares subject to RSUs that will settle within 60 days of October 30, 2015.
- (6) Includes 37,500 shares subject to stock options exercisable within 60 days of October 30, 2015.
- (7) Includes 44,271 shares subject to stock options exercisable within 60 days of October 30, 2015.
- (8) Includes: (i) 346,828 shares subject to stock options exercisable within 60 days of October 30, 2015 and (ii) 15,296 shares subject to RSUs that will settle within 60 days of October 30, 2015.

The following table sets forth the name, address and share ownership of each person or organization known to the Company to be the beneficial owner of more than 5% of the outstanding common stock of the Company. The last column of the table below reflects ownership percentages after giving effect to the Offer, assuming Theravance purchases 8,823,529 Shares (the maximum

number of Shares we would purchase at the minimum Purchase Price of \$8.50 and that such holders do not tender any shares.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares</u>	<u>Percent of Total Outstanding Common Stock</u>	
		<u>Prior to Offer</u>	<u>Following Offer</u>
GlaxoSmithKline plc(1) 980 Great West Road Brentford Middlesex TW8 9GS United Kingdom	32,005,260	27.26%	29.47%
Baupost Group, L.L.C.(2) 10 St. James Ave, Suite 1700 Boston, MA 02116	21,753,460	18.53%	20.03%
FMR LLC(3) 245 Summer Street Boston, MA 02210	17,087,423	14.55%	15.73%
Iridian Asset Management(4) 276 Post Road West Westport, CT 06880	12,397,565	10.56%	11.42%
BlackRock, Inc.(5) 55 East 52 nd Street New York, NY 10022	6,815,020	5.80%	6.28%

- (1) Based on a Form 4 filed with the SEC on August 7, 2015. Shares are held of record by Glaxo Group Limited (“GGL”), a limited liability company organized under the laws of England and Wales and a wholly-owned subsidiary of GlaxoSmithKline plc (“GSK”), an English public limited company.
- (2) Information as to number of Shares is as of December 31, 2014 and is based on a Schedule 13G/A filed with the SEC on February 13, 2015. The Baupost Group, L.L.C. (“Baupost”) is a registered investment adviser. SAK Corporation is the Manager of Baupost. Seth A. Klarman, as the sole director and sole officer of SAK Corporation and a controlling person of Baupost, may be deemed to have beneficial ownership under Section 13(d) of the securities beneficially owned by Baupost.
- (3) Information as to number of Shares is as of December 31, 2014 and is based on the Schedule 13G/A filed with the SEC on February 13, 2015.
- (4) Information as to number of Shares is as of December 31, 2014 and is based on a Schedule 13G/A filed with the SEC on March 4, 2015. Iridian Asset Management (“Iridian”) has direct beneficial ownership of the Shares in the accounts for which it serves as the investment adviser under its investment management agreements. Various individuals may be deemed to possess beneficial ownership of the Shares beneficially owned by Iridian by virtue of their indirect controlling ownership of Iridian, and having the power to vote and direct the disposition of Shares and disclaim beneficial ownership of such Shares.

- (5) Information as to number of Shares is as of December 31, 2014 and is based on a Schedule 13G filed with the SEC on February 2, 2015. The Schedule 13 G indicates that the number of Shares beneficially owned includes 6,631,304 Shares with sole voting power and 6,815,020 with sole dispositive power.

Recent Securities Transactions. Based on the Company's records and information provided to the Company by its directors, executive officers, affiliates and subsidiaries, neither the Company, nor, to the best of the Company's knowledge, any directors or executive officers of the Company or subsidiaries of the Company, has effected any transactions in Shares during the 60 day period before the date hereof.

Equity Compensation Plans. Our 2012 Equity Incentive Plan (the "2012 Plan") provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, stock unit awards and stock appreciation rights ("SARs") to our employees, non-employee directors and consultants. Stock options may be granted with an exercise price not less than the fair market value of the common stock on the grant date. Stock options granted to employees generally have a maximum term of 10 years and vest over a four year period from the date of grant; 25% vest at the end of one year, and 75% vest monthly over the remaining three years. We may grant options with different vesting terms from time to time. Unless an employee's termination of service is due to disability or death, upon termination of service, any unexercised vested options will generally be forfeited at the end of three months or the expiration of the option, whichever is earlier.

As adopted in May 2012, the 2012 Plan reserved for issuance 6,500,000 Shares plus up to 12,667,411 additional Shares that may be added to the 2012 Plan in connection with the forfeiture, repurchase, cash settlement or termination of awards outstanding under the 2004 Equity Incentive Plan ("2004 Plan"), the 2008 New Employee Equity Incentive Plan, the 1997 Stock Plan and the Long-Term Stock Option Plan (collectively, the "Prior Plans") as of December 31, 2011. In connection with the Spin-Off of Theravance Biopharma, Inc., outstanding stock options and other awards, along with the number of Shares remaining available for future stock options and other awards, were adjusted pursuant to the anti-dilution provisions of the 2012 Plan and Prior Plans. An additional 1,373,201 Shares were added to the 2012 Plan share reserve as a result of the anti-dilution adjustment of the outstanding stock options and other awards granted under the 2012 Plan and the Shares remaining available for future grant under the 2012 Plan. The additional 993,130 Shares added to the Prior Plans as a result of the anti-dilution provisions are included in the 12,667,411 additional Shares that may be added to the 2012 Plan.

No additional awards were made after May 15, 2012 under the 2004 Plan. Stock options and SARs will reduce the 2012 Plan reserve by one Share for every Share granted, and stock awards other than options and SARs granted will reduce the 2012 Plan share reserve by 1.45 Shares for every Share granted. The 2012 Plan share reserve was also reduced by the number of stock awards granted under the 2004 Plan on or after January 1, 2012, using the same ratios described.

From time to time, the Company enters into equity award agreements with its executive officers which provide for the grant of equity awards under the Equity Plans. All equity awards granted under the Equity Plans will fully accelerate in the event of a change in control unless the awards are assumed by the successor corporation or replaced with comparable awards. Additionally, the restricted stock and restricted stock unit award agreements entered into with our executive officers provide that they may satisfy their tax withholding obligation when such awards vest (and with respect to the restricted stock units, settle) by having the Company withhold a portion of the Shares that would otherwise be released to the executive officer. Our Board or its Compensation Committee may, in its sole discretion, withdraw consent for such stock withholding program at any time with respect to future vesting dates. Shares of restricted stock and restricted stock units generally vest and, with respect to restricted stock units, settle, on the Company's quarterly vesting dates (February 20th, May 20th, August 20th and November 20th).

As of October 28, 2015, there were approximately 3,315,996 Shares reserved for new stock-based awards under the 2012 Plan. As of October 28, 2015, there were approximately 1,453,248 Shares of restricted stock outstanding, 521,200 restricted stock units outstanding, and stock options outstanding with respect to 4,364,746 Shares.

Our 2004 Employee Stock Purchase Plan (the “ESPP”) provides for the purchase of Shares through payroll deductions at a price equal to 85% of the lower of the fair market value of our common stock at the beginning of the offering period or at the end of each applicable purchase period. The ESPP provides for consecutive and overlapping offering periods of 24 months in duration, with each offering period composed of four consecutive six-month purchase periods. The purchase periods end on either May 15th or November 15th. Shares purchased through the ESPP, including Shares purchased during the purchase period which ends on November 15, 2015 may be tendered in this Offer following the receipt of such Shares free of restrictions on the transfer of such Shares. ESPP contributions are limited to a maximum of 15% of an employee’s eligible compensation.

Share Surrender Plan. We have adopted a Share Surrender Program for our executive officers. The Share Surrender Program permits Theravance’s executive officers to elect to satisfy the withholding taxes applicable to their restricted stock units and restricted stock awards by means of stock withholding. We expect that all or a portion of Theravance’s officers will elect to have shares withheld under the Share Surrender Program upon the vesting of certain of their restricted stock awards on November 20, 2015. The aggregate number of Shares underlying the restricted stock awards which will vest on November 20, 2015 is 181,000.

Share Repurchase Program. On October 28, 2015, we announced that our Board of Directors approved the acceleration of our capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. The Company intends to repurchase its Shares over time through a combination of the Offer and open market purchases, and may also repurchase shares through private transactions, exchange offers, additional tender offers or other means.

Director Compensation. Each member of our Board who is not an employee is paid the following retainers for Board and committee service:

- \$50,000 annual retainer for service as a member of our Board;
- an additional \$25,000 annual retainer for service as the lead independent director of our Board;
- an additional \$50,000 annual retainer for service as the chairman of our Board;
- \$10,000 annual retainer for service as a member of our Audit Committee;
- an additional \$15,000 annual retainer for service as the chairperson of our Audit Committee;
- \$10,000 annual retainer for service as a member of our Compensation Committee;
- an additional \$12,500 annual retainer for service as the chairperson of our Compensation Committee;
- \$5,000 annual retainer for service as a member of our Nominating/Corporate Governance Committee; and
- an additional \$7,500 annual retainer for service as the chairperson of our Nominating/Corporate Governance Committee.

We do not pay the members of our Board for attendance at meetings, including committee meetings; however, the members of our Board are eligible for reimbursement for their expenses incurred in attending such meetings in accordance with Company policy.

In addition, our non-employee directors receive the following initial equity awards upon joining our Board and annual equity awards in connection with each annual meeting of stockholders:

- **Annual Equity Awards**—Upon the conclusion of each regular annual meeting of stockholders, each non-employee director who will continue to serve as a member of the Board is automatically granted a restricted stock unit award covering a number of Shares equal to \$250,000 divided by the closing price of a Share on the date of grant, rounded down to the nearest whole Share. Each annual restricted stock unit award vests on the sooner of the next annual stockholder meeting or the one year anniversary of the date of grant, subject to the director’s continuous service through such date.
- **Initial Equity Awards**—On the date of joining our board, each new non-employee director is automatically granted a one-time initial restricted stock unit award covering a number of Shares equal to \$250,000 divided by the closing price of a Share on the date of grant, rounded down to the nearest whole Share. This initial restricted stock unit award vests in two equal annual installments over the director’s first two years of service. In addition, the new non-employee director also receives the annual equity award described above (if joining on the date of our annual meeting of stockholders) or a pro-rated annual equity award (if joining on any other date) that vests on the sooner of the next annual stockholder meeting or the one-year anniversary of the date of grant. The size of each pro-rated annual equity award is based on the number of whole months remaining until the anniversary of the prior year’s stockholders’ meeting.

All restricted stock unit awards granted to our non-employee directors pursuant to the automatic grant program will vest in full if the Company is subject to a change in control or the Board member dies while in service and will be settled in Shares on the vesting date. Additionally, all RSU awards granted to our non-employee directors pursuant to the automatic grant program carry dividend equivalent rights to be credited with an amount equal to all cash dividends paid on the underlying Shares while unvested, which are paid in cash upon vesting.

In addition to the automatic restricted stock unit awards described above, directors are also eligible to receive other equity awards under our 2012 Plan.

Executive Severance Plan. Each of our current executive officers is entitled to severance benefits pursuant to one of our two severance plans. In addition, our Chief Executive Officer, Michael W. Aguiar, is entitled to severance benefits pursuant to his letter agreement entered into in connection with his appointment as Chief Executive Officer.

Pursuant to both of our severance plans, if an executive officer is subject to an involuntary termination within 3 months prior to or 24 months after a change in control of Theravance, he is entitled to the following benefits:

- In the case of our Senior Vice Presidents, a lump sum payment equal to 150% of the officer’s annual base salary and target bonus.
- In the case of our Chief Executive Officer, a lump sum payment equal to 200% of the officer’s annual base salary and target bonus.
- A pro-rata portion of the executive officer’s target bonus based on the number of full months of employment completed in the year of termination.
- Continuation of the officer’s health and welfare benefits for the shorter of 18 months (in the case of our Senior Vice Presidents) or 24 months (in the case of our Chief Executive Officer) or the expiration of the officer’s continuation coverage under COBRA.
- Full vesting of any unvested stock options, restricted stock and restricted stock units held by the officer.

Pursuant to our 2009 Severance Plan, in which all of our executive officers other than Mr. Aguiar participate, such executive officers are also eligible for the following benefits if the executive officer is terminated by Theravance for reasons other than misconduct and such termination is not within 3 months prior to or 24 months after a change in control of Theravance:

- A lump sum payment equal to 100% of the officer's annual base salary.
- Continued eligibility for a pro-rata portion of the officer's bonus (based on the number of full months of employment completed in the year of termination and actual achievement of any performance conditions).
- Continuation of the officer's health and welfare benefits for the shorter of 12 months or the expiration of the officer's continuation coverage under COBRA.

In order to receive severance benefits under our severance plans, an officer must sign a general release of claims. In addition, severance benefits may be conditioned upon the officer's compliance with any confidentiality agreement between the officer and the Company.

The following definitions are used in our severance plans:

A "change in control" includes:

- The consummation of a merger or consolidation if persons who were not our stockholders prior to the merger or consolidation own 50% or more of the voting securities of the surviving company and its parent.
- A sale, transfer or other disposition of all or substantially all of our assets.
- A change in the composition of our Board of Directors as a result of which fewer than 50% of the incumbent directors either were directors on the date 24 months prior to the change in control (the "original directors") or were appointed or nominated for election to the Board of Directors by a majority of the original directors or directors whose appointment or nomination was approved by at least 50% of the original directors.
- A transaction as a result of which any person becomes the beneficial owner of 50% or more of our outstanding voting securities.

A transaction shall not constitute a change in control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

A "GSK Change In Control" means the acquisition by GSK of 100% of the Company's outstanding voting stock.

An "involuntary termination" means a termination of an officer's employment by the Company for reasons other than misconduct, or an officer's resignation following (1) a material diminution in the officer's authority, duties or responsibilities, (2) a material reduction in the officer's base compensation, (3) a material change in the officer's work location or (4) a material breach of the officer's employment agreement by the Company. In order to qualify as an involuntary termination, the officer must give written notice to the Company within 90 days after the initial existence of one of the conditions described above and the Company must not have cured such condition within 30 days thereafter.

"Misconduct" means an officer's (1) commission of any material act of fraud, embezzlement or dishonesty, (2) material unauthorized use or disclosure of our confidential information or trade secrets or (3) other material intentional misconduct adversely affecting the business or affairs of the Company.

Pursuant to our original severance plan, in which Mr. Aguiar participates, if an officer meets the conditions for severance payments under such severance plan, and if an independent accounting firm selected by the Company determines that the officer would be subject to excise taxes under Section 4999 of the Code as a result of payments under the severance plan or otherwise, then the

Company will pay the officer an additional amount equal to the excise taxes and any income and excise taxes due as a result of the Company's payment of the excise taxes, along with any interest or penalties stemming from these taxes. Executive officers hired after December 16, 2009, which includes our other current executive officers, participate in our 2009 Severance Plan. The 2009 Severance Plan does not provide for excise tax gross-ups.

Employment Agreements. The Company enters into offer letters with each of its executive officers in connection with their commencement of employment with the Company or, in the case of Mr. Aguiar, in connection with his appointment as Chief Executive Officer. The offer letters generally provide for the officer's initial base salary, target bonus, initial equity award grant and, other than with respect to Mr. Aguiar, do not provide for any severance, equity award acceleration or other change in control-related benefits.

Pursuant to Mr. Aguiar's offer letter, in addition to the severance benefits he is entitled to pursuant to our original severance plan, if his employment is terminated by the Company without cause, he will receive a lump-sum severance payment of 24 months' salary plus two times his current target bonus provided he signs a general release of claims. "Cause" means Mr. Aguiar's (i) unauthorized use or disclosure of the confidential information or trade secrets, which use causes material harm to the Company, (ii) conviction of a felony under the laws of the United States or any state thereof, (iii) gross negligence, or (iv) repeated failure to perform lawful assigned duties for thirty days after receiving written notification from the Board of Directors. In the event that Mr. Aguiar is eligible for cash severance benefits under the severance plan, then the severance benefits under his offer letter would not apply.

Trading Plans. We have authorized our directors and executive officers to enter into trading plans established according to Rule 10b5-1 under the Exchange Act. These plans include specific instructions for the broker to exercise vested options, if applicable, and sell Company stock on behalf of the director or officer at certain dates if our stock price is above a specified level. The director or officer no longer has control over the decision to exercise and sell the securities in the plan, unless he or she amends or terminates the trading plan during a trading window. The purpose of such plans is to enable directors and executive officers to recognize the value of their compensation and diversify their holdings of our stock during periods in which the director or officer would be unable to sell our common stock because material information about us had not been publicly released. All trading plans in effect as of October 30, 2015 have been suspended until at least ten business days after the expiration or termination of the Offer.

Convertible Subordinated Notes. In January 2013, we completed an underwritten public offering of \$287.5 million aggregate principal amount of unsecured convertible subordinated notes, which will mature on January 15, 2023 (the "2023 Notes"). The financing raised proceeds, net of issuance costs, of approximately \$281.2 million, less \$36.8 million to purchase two privately-negotiated capped call option transactions in connection with the issuance of the notes. The 2023 Notes bear interest at the rate of 2.125% per year that is payable semi-annually in arrears in cash on January 15 and July 15 of each year, beginning on July 15, 2013. The 2023 Notes are convertible, at the option of the holder, into shares of our common stock at an initial conversion rate of 35.9903 shares per \$1,000 principal amount of the 2023 Notes, subject to adjustment in certain circumstances, which represents an initial conversion price of approximately \$27.79 per share. As of September 30, 2015, the Conversion Rate was 50.5818 shares of the Company's common stock per \$1,000 principal amount of the 2023 Notes, which represents an adjusted conversion price of approximately \$19.77 per share. In connection with the closing of the Offer, the conversion rate with respect to our 2023 Notes will be adjusted if the Purchase Price is greater than the closing price of our common stock on the day the Offer expires. Holders of the 2023 Notes will be able to require us to repurchase some or all of their 2023 Notes upon the occurrence of a fundamental change at 100% of the principal amount of the 2023 Notes being

repurchased plus accrued and unpaid interest. We may not redeem the 2023 Notes prior to their stated maturity date.

General. Except as otherwise described herein, neither the Company nor, to the best of the Company's knowledge, any of its affiliates, directors or executive officers, is a party to any agreement, arrangement or understanding with any other person relating, directly or indirectly, to the Offer or with respect to any securities of the Company, including, but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of the securities of the Company, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss, or the giving or withholding of proxies, consents or authorizations. For detailed descriptions of the arrangements disclosed above, please see our periodic and current reports and proxy statements filed with the SEC. In addition, to the extent required by SEC rules, copies of the agreements or forms of the agreements disclosed above have been filed with the SEC.

11. Certain Legal Matters; Regulatory Approvals.

We are not aware of any license or regulatory permit that is material to our business that might be adversely affected by our acquisition of the Shares as contemplated by the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic, foreign or supranational, that would be required for our acquisition of the Shares as contemplated by the Offer. Should any such approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations under the Offer to accept Shares for payment and pay for Shares are subject to certain conditions. See Section 6.

12. Certain U.S. Federal Income Tax Consequences.

The following is a discussion of certain U.S. federal income tax consequences of our repurchase of Shares pursuant to the Offer. This discussion applies only to Shares held as capital assets for U.S. federal income tax purposes and does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including the alternative minimum tax, the Medicare tax on certain investment income and the different consequences that may apply if you are subject to special rules that apply to certain types of investors, such as:

- financial institutions;
- insurance companies;
- dealers or traders subject to a mark-to-market method of accounting with respect to Shares;
- persons holding Shares as part of a "straddle," hedge, integrated transaction or similar transaction;
- persons for whom the sale of Shares pursuant to the Offer would constitute a "wash sale";
- persons holding Shares received as compensation (including Shares acquired upon the exercise of options);
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- partnerships or other pass-through entities for U.S. federal income tax purposes; and
- tax-exempt entities.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities

This discussion is based on the Code, and administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations as of the date hereof, changes to any of which subsequent to the date of this Offer to Purchase may affect the tax consequences described herein. This discussion does not address any aspect of state, local or non-U.S. taxation, or any U.S. federal taxes other than income taxes.

You are urged to consult your tax advisor with respect to the application of U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign jurisdiction.

U.S. Holders.

This section applies to you if you are a “U.S. Holder.” A U.S. Holder is a beneficial owner of Shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source.

Characterization of the Repurchase of Shares Pursuant to the Offer. A repurchase of Shares for cash pursuant to the Offer will be a taxable transaction for U.S. federal income tax purposes. A U.S. Holder who participates in the Offer will be treated, depending on such U.S. Holder’s particular circumstances, either as recognizing gain or loss from the disposition of the Shares or as receiving a dividend distribution from us.

Under section 302 of the Code, a U.S. Holder will recognize gain or loss on a sale of Shares for cash if the sale (i) results in a “complete termination” of all of such U.S. Holder’s equity interest in us, (ii) results in a “substantially disproportionate” redemption with respect to such U.S. Holder, or (iii) is “not essentially equivalent to a dividend” with respect to the U.S. Holder (together, as described below, the “Section 302 Tests”). In applying the Section 302 Tests, a U.S. Holder must take account of stock that such U.S. Holder constructively owns under attribution rules set forth in section 318 of the Code, pursuant to which the U.S. Holder will be treated as owning Shares owned by certain family members (except that in the case of a “complete termination” a U.S. Holder may waive, under certain circumstances, attribution from family members) and related entities and our stock that the U.S. Holder has the right to acquire by exercise of an option. A sale of Shares for cash pursuant to the Offer will be a “complete termination” of a U.S. Holder’s equity interest in us if the U.S. Holder owns none of our Shares either actually or constructively (taking into account any effective waivers of attribution from family members) immediately after the sale. A sale of Shares for cash will be a substantially disproportionate redemption with respect to a U.S. Holder if the percentage of the then outstanding voting stock owned by such U.S. Holder in us immediately after the sale is less than 80% of the percentage of the voting stock owned by such U.S. Holder in us immediately before the sale. If a sale of Shares for cash fails to satisfy either the “complete termination” or “substantially disproportionate” test, the U.S. Holder nonetheless may satisfy the “not essentially equivalent to a dividend” test. A sale of Shares for cash will satisfy the “not essentially equivalent to a dividend” test if it results in a “meaningful reduction” of the U.S. Holder’s equity interest in us. A sale of Shares for cash that results in a reduction of the proportionate equity interest in us of a U.S. Holder whose relative equity interest in us is minimal (an interest of less than one percent should satisfy this requirement) and who does not exercise any control over or participate in the management of our

corporate affairs should be treated as “not essentially equivalent to a dividend.” U.S. Holders should consult with their tax advisors regarding the application of the rules of section 302 in their particular circumstances.

Contemporaneous dispositions or acquisitions of Shares by a U.S. Holder or related individuals or entities may be deemed to be part of a single integrated transaction and may be taken into account in determining whether the Section 302 Tests have been satisfied and whether gain or loss may be recognized. Each U.S. Holder should be aware that, because proration may occur in the Offer, even if all the Shares actually and constructively owned by a U.S. Holder are tendered pursuant to the Offer, fewer than all of such Shares may be purchased by us. Thus, proration may affect whether the surrender of Shares by a U.S. Holder pursuant to the Offer will meet any of the Section 302 Tests.

Sale or Exchange Treatment. If a U.S. Holder is treated as recognizing gain or loss from the sale of the Shares for cash, such gain or loss will be equal to the difference between the amount of cash received and such U.S. Holder’s adjusted basis in the Shares exchanged therefor. U.S. Holders that acquired different blocks of Shares at different times or at different prices will need to calculate their adjusted tax basis in each block of Shares tendered and disposed of in the Offer to calculate their gain or loss. The application of these rules to a stockholder that tendered Shares acquired at different times or at different prices is complex, and any such stockholder should consult its tax advisor regarding the calculation of its gain or loss on the Shares disposed of in the Offer for cash. Any such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holding period of the Shares disposed of exceeds one year as of the date of the sale. Long-term capital gains of non-corporate U.S. Holders will generally be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Distribution Treatment. If a U.S. Holder is not treated under the Section 302 Tests as recognizing gain or loss on a sale of Shares for cash, the entire amount of cash received by such U.S. Holder pursuant to the Offer will be treated as a dividend to the extent of our available current and accumulated earnings and profits, as determined for these purposes. Provided certain holding period requirements are satisfied, non-corporate U.S. Holders generally will be eligible for reduced rates of taxation on amounts treated as dividends. To the extent that cash received in the Offer is treated as a dividend to a corporate U.S. Holder (i) it will be eligible for a dividends-received deduction (subject to applicable limitations) and (ii) it will be subject to the “extraordinary dividend” provisions of the Code. U.S. Holders should consult with their tax advisors concerning the rules discussed in this paragraph in light of their particular circumstances.

To the extent that amounts received pursuant to the Offer (that are not treated as proceeds from the sale of Shares under the Section 302 Tests) exceed our available current and accumulated earnings and profits, the distribution will first be treated as a non-taxable return of capital, causing a reduction in the adjusted basis of such U.S. Holder’s Shares, and any amounts in excess of the U.S. Holder’s adjusted basis will constitute capital gain. Stockholders that do not dispose of all of their Shares pursuant to the Offer should consult with their tax advisors regarding the proper method for recovering tax basis in their Shares and computing capital gain. Any remaining adjusted basis in the Shares tendered will be transferred to any remaining Shares held by such U.S. Holder.

Non-U.S. Holders.

This section applies to you if you are a Non-U.S. Holder. You are a Non-U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of Shares that is:

- a nonresident alien individual;

- a foreign corporation; or
- a foreign estate or trust.

You are not a Non-U.S. Holder if you are a nonresident alien individual present in the United States for 183 days or more in the taxable year of disposition of Shares, or if you are a former citizen or former resident of the United States, in either which cases you should consult your tax adviser regarding the U.S. federal income tax consequences of the sale of Shares pursuant to the Offer.

Withholding on Purchase Price. Because we may not know the extent to which a payment made pursuant to the Offer is a dividend for U.S. federal income tax purposes at the time it is made, the applicable withholding agent generally will presume, for withholding purposes, that the entire amount received by a Non-U.S. Holder participating in the Offer is a dividend distribution from us. Accordingly, a Non-U.S. Holder should expect that the applicable withholding agent will withhold U.S. federal income taxes equal to 30% of the gross payments payable to a Non-U.S. Holder unless the applicable withholding agent determines that (i) a reduced rate of withholding is available pursuant to a tax treaty and the payment is not subject to withholding under FATCA (see discussion below on FATCA withholding taxes) or (ii) that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business within the United States. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a Non-U.S. Holder must deliver to the applicable withholding agent a validly completed and executed IRS Form W-8ECI. The applicable withholding agent will determine a holder's status as a Non-U.S. Holder and eligibility for a reduced rate of, or exemption from, withholding by reference to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., IRS Forms W-8BEN, W-8BEN-E or W-8ECI) unless facts and circumstances indicate that such reliance is not warranted. A Non-U.S. Holder may be eligible to obtain a refund of all or a portion of any tax withheld if such Non-U.S. Holder meets one of the Section 302 Tests described above or is otherwise able to establish that no tax or a reduced amount of tax is due. Backup withholding generally will not apply to amounts subject to the 30% withholding or a treaty-reduced rate of withholding. Non-U.S. Holders are urged to consult with their tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

FATCA Withholding Taxes. Provisions commonly referred to as "FATCA" impose withholding of 30% on payments of dividends by U.S. corporations to "foreign financial institutions" (which is broadly defined for this purpose and in general includes investment vehicles) and certain other non-U.S. entities unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied, or an exemption applies. An intergovernmental agreement between the U.S. and the entity's jurisdiction may modify these requirements. If FATCA withholding is imposed, a beneficial owner that is not a foreign financial institution generally will be entitled to a refund of any amounts withheld by filing a U.S. federal income tax return (which may entail significant administrative burden). Any amounts withheld under FATCA may be credited against the 30% withholding tax discussed in the preceding paragraph.

For the reasons noted above under "Withholding on Purchase Price," it is generally expected that the applicable withholding agent will treat the entire amount payable to a Non-U.S. Holder as a dividend distribution from us. Accordingly, the applicable withholding agent generally will withhold U.S. federal income taxes equal to 30% of the gross proceeds payable to the Non-U.S. Holder, unless such Non-U.S. Holder provides to the applicable withholding agent a validly completed and executed IRS Form W-8BEN, W-8BEN-E or W-8ECI (or other applicable IRS Form W-8) demonstrating that FATCA withholding is not warranted. If the applicable withholding agent withholds tax under FATCA, it will not also withhold the 30% U.S. federal income tax described under "Withholding on Purchase

Price” above. Non-U.S. Holders are urged to consult with their tax advisors regarding the effect, if any, of the FATCA provisions on them based on their particular circumstances.

Information Reporting and U.S. Federal Backup Withholding.

Payments made to stockholders pursuant to the Offer generally will be subject to information reporting and may be subject to backup withholding. To prevent the potential imposition of U.S. federal backup withholding (currently, at a rate of 28%) on the gross proceeds payable to a tendering beneficial owner pursuant to the Offer, prior to receiving such payments, each beneficial owner not tendering through DTC using ATOP must submit to the Depositary a correct, validly completed and executed IRS Form W-9 in the case of a U.S. Holder, or applicable IRS Form W-8 in the case of a Non-U.S. Holder, or otherwise establish an exemption from backup withholding. A beneficial owner using the ATOP procedures to tender its Shares does not have to provide an IRS Form W-9 or W-8 to the Depositary; if, however, such beneficial owner does not have a valid IRS Form W-9 or W-8 on file with its bank or broker through which it holds its Shares, then such beneficial owner needs to provide a new IRS Form W-9 or W-8 to its bank or broker.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the beneficial owner’s U.S. federal income tax liability, if any, and may entitle the beneficial owner to a refund, so long as the required information is timely furnished to the IRS.

13. Effects of the Offer on the Market for Shares; Registration under the Exchange Act.

The purchase by Theravance of Shares under the Offer will reduce our “public float” (the number of Shares owned by non-affiliate stockholders and available for trading in the securities markets). This reduction in our public float may result in lower stock prices and/or reduced liquidity in the trading market for the Shares following completion of the Offer. In addition, the Offer may reduce the number of Theravance stockholders. Stockholders may be able to sell non-tendered Shares in the future, on NASDAQ or otherwise, at a net price higher or lower than the Purchase Price in the Offer. We can give no assurance, however, as to the price at which a stockholder may be able to sell such Shares in the future.

We anticipate that there will be a sufficient number of Shares outstanding and publicly traded following completion of the Offer to ensure a continued trading market for such Shares. Based upon published guidelines of NASDAQ, we do not believe that our purchase of Shares under the Offer will cause the remaining outstanding Shares to be delisted from NASDAQ.

The Shares are now “margin securities” under the rules of the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”). This classification has the effect, among other things, of allowing brokers to extend credit to their customers using the Shares as collateral. We believe that, following the purchase of Shares under the Offer, the Shares remaining outstanding will continue to be margin securities for purposes of the Federal Reserve Board’s margin rules and regulations.

The Shares are registered under the Exchange Act, which requires, among other things, that we furnish certain information to our stockholders and the SEC and comply with the SEC’s proxy rules in connection with meetings of our stockholders.

14. Extension of the Offer; Termination; Amendment.

We expressly reserve the right, in our sole discretion subject to applicable law, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 6 shall have occurred or shall be deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral

or written notice of such extension to the Depositary and making a public announcement of such extension.

We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for payment and not pay for any Shares not theretofore accepted for payment or paid for, or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 6 by giving oral or written notice of the termination or postponement to the Depositary and making a public announcement of the termination or postponement. Our reservation of the right to delay payment for Shares which we have accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that we must pay the consideration offered or return the Shares tendered promptly after termination or withdrawal of an Offer. Subject to compliance with applicable law, we further reserve the right, in our sole discretion, and regardless of whether any of the events set forth in Section 6 have occurred or are deemed by us to have occurred, to amend the Offer in any respect (including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of Shares or by decreasing or increasing the number of Shares being sought in the Offer). Amendments to the Offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the notice of the amendment must be issued no later than 9:00 A.M., New York City time, on the next business day after the last previously scheduled or announced Expiration Time. Any public announcement made pursuant to the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of the change. In addition, we would file such press release as an exhibit to the Schedule TO.

If we materially change the terms of the Offer or the information concerning the Offer, or if we waive a material condition of the Offer, we will extend the Offer to the extent required by Rules 13e-4(d)(2), 13e-4(e)(3) and 13e-4(f)(1) promulgated under the Exchange Act. These rules provide that the minimum period during which a tender offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If:

- we increase or decrease the price to be paid for Shares or increase or decrease the value of Shares sought in the offer (and thereby increase or decrease the number of Shares being sought in the Offer) and, in the event of an increase in the value of Shares purchased in the Offer, the increase exceeds 2% of the Shares outstanding, and
- the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of an increase or decrease is first published, sent or given in the manner specified in this Section 14,

then in each case the Offer will be extended until the expiration of the period of at least ten business days from, and including, the date that such notice of an increase or decrease is first published, sent or given to the stockholders in the manner specified in this Section 15. For purposes of the Offer, a “business day” means any day other than a Saturday, Sunday or Federal holiday and consists of the time period from 12:01 A.M. through 12:00 midnight, New York City time.

15. Fees and Expenses.

We have retained Evercore Group L.L.C. to act as the Dealer Manager in connection with the Offer, which will receive a customary fee for providing these services. We also have agreed to reimburse the Dealer Manager for reasonable out-of-pocket expenses incurred in connection with the Offer, including fees and expenses of counsel, and to indemnify each of them against liabilities in connection with the Offer, including liabilities under the federal securities laws.

The Dealer Manager and its affiliates have rendered, and may in the future render, various investment banking, lending and commercial banking services and other advisory services to us or our subsidiaries. The Dealer Manager has received, and may in the future receive, customary compensation from us or our subsidiaries for such services. In the ordinary course of business, including in their trading and brokerage operations and in a fiduciary capacity, the Dealer Manager and its affiliates may hold positions, both long and short, for their own accounts and for those of their customers, in our securities. The Dealer Manager may from time to time hold Shares in its proprietary accounts, and, to the extent it owns Shares in these accounts at the time of the Offer, the Dealer Manager may tender the Shares pursuant to the Offer.

We have retained Georgeson Inc. to act as Information Agent in connection with the Offer. As Information Agent, Georgeson Inc. may contact holders of Shares by mail, telephone, facsimile and personal interviews and may request brokers, dealers, commercial banks, trust companies or other nominee stockholders to forward materials relating to the Offer to beneficial owners. Georgeson Inc., in its capacity as Information Agent, will receive reasonable and customary compensation for its services, will be reimbursed by us for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including liabilities under the federal securities laws.

We have retained Computershare Trust Company, N.A. to act as Depositary in connection with the Offer. Computershare Trust Company, N.A., in its capacity as Depositary, will receive reasonable and customary compensation for its services, will be reimbursed by us for reasonable out-of-pocket expenses and will be indemnified against certain liabilities in connection with the Offer, including liabilities under the federal securities laws.

Certain officers and employees of the Company may render services in connection with the Offer but they will not receive any additional compensation for such services.

We will not pay any fees or commissions to brokers, dealers, commercial banks, trust companies or other nominees (other than fees to the Dealer Manager) for soliciting tenders of Shares pursuant to the Offer. Stockholders holding Shares through brokers, dealers, commercial banks, trust companies or other nominees are urged to consult such nominees to determine whether transaction costs may apply if stockholders tender Shares through such nominees and not directly to the Depositary. We will, however, upon request, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of Shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank, trust company or other nominee has been authorized to act as the agent of the Company, the Information Agent or the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on the purchase of Shares in the Offer, except as otherwise described in Section 5.

16. Miscellaneous.

We are not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer or the acceptance of Shares pursuant to the Offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with the applicable law. If, after a good faith effort, we cannot comply with the applicable law, the Offer will not be made to, nor will tenders be accepted from or on behalf of, the holders of Shares residing in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on our behalf by the Dealer Manager or one or more registered brokers or dealers licensed under the laws of the jurisdiction.

Pursuant to Rule 13e-4 promulgated under the Exchange Act, we have filed with the SEC a Tender Offer Statement on Schedule TO, which contains additional information relating to the Offer.

The Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner as set forth in Section 9 with respect to information concerning the Company.

We have not authorized anyone to provide you with information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase, the related Letter of Transmittal or the other Offer materials. If given or made, you should not rely on that information or representation as having been authorized by us, the Dealer Manager, the Depositary or the Information Agent.

Theravance, Inc.

October 30, 2015

The Depository for the Offer is:



By Registered, Certified or Express Mail:
BY 5:00 P.M. New York City time on Expiration Time
Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940

By Hand or Overnight Courier:
BY 5:00 P.M. New York City time on Expiration Time
Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
250 Royall Street, Suite V
Canton, MA 02021

Facsimile (for withdrawals only): (617) 360-6810

Any questions or requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers as set forth below. Any requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or other Offer materials may be directed to the Information Agent. A holder may also contact such holder's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:



480 Washington Blvd., 26th Floor
Jersey City, NJ 07310
Banks, Brokers and Stockholders
Call Toll-Free: (866) 297-1410
Or Contact via E-mail at theravance@georgeson.com

The Dealer Manager for the Offer is:



Evercore Group L.L.C.
Attention: Equity Capital Markets
55 East 52nd Street, 36th Floor
New York, NY 10055
Call Toll-Free: (877) 993-2673
Direct: (212) 849-3486
Or Contact via E-mail at ECM_Prospectus@evercoreisi.com

QuickLinks

[Exhibit \(a\)\(1\)\(A\)](#)

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LETTER OF TRANSMITTAL

**To Tender Shares of Common Stock
Pursuant to the Offer to Purchase for Cash
Dated October 30, 2015**

by

Theravance, Inc.

of

Up to \$75,000,000

of

Shares of its Common Stock

At a Purchase Price of Not Less Than \$8.50 Nor Greater Than \$9.25 Per Share

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE "EXPIRATION TIME").

The Depositary for the Offer is:



By Registered, Certified or Express Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940

By Overnight Courier:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
250 Royall Street, Suite V
Canton, MA 02021

Facsimile (for withdrawals only): (617) 360-6810

For assistance in completing this Letter of Transmittal, please contact Georgeson Inc., the information agent for this Offer (the "Information Agent"), at the telephone numbers and address set forth on the back cover of this Letter of Transmittal.

THE OFFER TO PURCHASE AND THIS RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION, AND YOU SHOULD CAREFULLY READ BOTH IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER. YOU MAY TENDER ALL OR A PORTION OF YOUR SHARES OF COMMON STOCK. YOU ALSO MAY CHOOSE NOT TO TENDER ANY OF YOUR SHARES OF COMMON STOCK.

IF YOU WANT TO TENDER ALL OR A PORTION OF YOUR SHARES OF COMMON STOCK, YOU MUST DELIVER THIS LETTER OF TRANSMITTAL OR AN AGENT'S MESSAGE AND OTHER REQUIRED DOCUMENTS TO THE DEPOSITARY. ANY DOCUMENTS DELIVERED TO THERAVANCE, INC., THE DEALER MANAGER OR THE INFORMATION AGENT, WILL NOT CONSTITUTE VALID DELIVERY TO THE DEPOSITARY.

All capitalized terms used and not defined herein shall have the same meanings as in the Offer to Purchase.

DESCRIPTION OF SHARES TENDERED
(See Instructions 3 and 4). Attach separate schedule if needed.

Name(s) and Address(es) of Registered Holder(s) (Please fill in exactly as name(s) appear(s) on certificate(s))	Shares Tendered (Attach additional signed list, if necessary)			
	Certificate Number(s)	Number of Shares Represented by Certificate(s)(1)	Number of Shares Represented by Book Entry (electronic form)(2)	Total Number of Shares Tendered
	Total Shares			
(1)	If you wish to tender fewer than all Shares represented by any certificate listed above, please indicate in this column the number of Shares you wish to tender. Otherwise, all Shares represented by share certificates delivered to the Depository will be deemed to have been tendered. See Instruction 4.			
(2)	If Shares are held in book-entry form or in a Reinvestment Plan, you must indicate the number of Shares you are tendering.			

YOU SHOULD READ CAREFULLY THIS LETTER OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS, BEFORE YOU COMPLETE IT. FOR THIS LETTER OF TRANSMITTAL TO BE VALIDLY DELIVERED, IT MUST BE RECEIVED BY THE DEPOSITARY AT ONE OF THE ABOVE ADDRESSES BEFORE THE EXPIRATION TIME (IN ADDITION TO THE OTHER REQUIREMENTS DETAILED IN THIS LETTER OF TRANSMITTAL AND ITS INSTRUCTIONS). DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN THOSE SHOWN ABOVE DOES NOT CONSTITUTE A VALID DELIVERY. DELIVERIES TO THE COMPANY, THE DEALER MANAGER, OR THE INFORMATION AGENT WILL NOT CONSTITUTE A VALID DELIVERY.

Indicate below the order (by certificate number) in which Shares are to be purchased in the event of proration (attach additional signed list, if necessary). If you do not designate an order and if less than all Shares tendered are purchased due to proration, Shares will be selected for purchase by the Depository. See Instruction 13.

1st: _____ 2nd: _____ 3rd: _____

4th: _____ 5th: _____

YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED THEREFOR BELOW, WITH SIGNATURE GUARANTEE IF REQUIRED, AND COMPLETE EITHER THE ACCOMPANYING INTERNAL REVENUE SERVICE (“IRS”) FORM W-9 OR AN APPLICABLE IRS FORM W-8.

The Offer is not being made to nor will any tenders be accepted from or on behalf of, holders of Shares in any jurisdiction within the United States in which it would be illegal to do so.

This Letter of Transmittal is to be used if certificates for shares of common stock, \$0.01 par value per share (the “Shares”) are to be forwarded herewith, Shares are held in book entry form on the records of the Depository, or unless an Agent’s Message is utilized, if delivery of Shares is to be made by book-entry transfer to an account maintained by the Depository at The Depository Trust Company (“DTC”), which is referred to as the Book-Entry Transfer Facility, pursuant to the procedures set forth in Section 3 of the Offer to Purchase, dated October 30, 2015 (as may be amended or supplemented from time to time, the “Offer to Purchase”). Tendering stockholders must deliver either the certificates for, or timely confirmation of book-entry transfer in accordance with the procedures described in Section 3 of the Offer to Purchase with respect to, their Shares and all other documents required by this Letter of Transmittal to the Depository by the Expiration Time. Tendering stockholders whose certificates for Shares are not immediately available, or who cannot complete the procedure for book-entry transfer on a timely basis, or who cannot deliver all other required documents to the Depository prior to the Expiration Time, must tender their Shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Offer to Purchase.

Your attention is directed in particular to the following:

1. If you want to retain the Shares you own, you do not need to take any action.
2. If you want to participate in the Offer and wish to maximize the likelihood that Theravance will accept for payment all of the Shares you are tendering by this Letter of Transmittal, you should check the box marked “Purchase Price Tenders: Shares Tendered at a Price Determined Pursuant to the Offer” below and complete the other portions of this Letter of Transmittal as appropriate. **You should understand that this election may lower the Purchase Price paid for all purchased Shares in the Offer and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.**
3. If you wish to select a specific price at which you will be tendering your Shares, you should select one of the boxes in the section captioned “Auction Price Tenders: Shares Tendered at a Price Determined by You” below and complete the other portions of this Letter of Transmittal as appropriate.

We urge stockholders who hold Shares through a broker, dealer, commercial bank, trust company or other nominee to consult their nominee to determine whether transaction costs are applicable if they tender Shares through such nominee and not directly to the Depository.

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE OFFER TO PURCHASE OR THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO THE INFORMATION AGENT OR THE DEALER MANAGER AT THEIR RESPECTIVE TELEPHONE NUMBERS AND ADDRESSES SET FORTH AT THE END OF THIS LETTER OF TRANSMITTAL.

**Additional Information if Shares Have Been Lost, Are Being Delivered By Book-Entry Transfer
or Are Being Delivered Pursuant to a Previous Notice of Guaranteed Delivery**

If any certificate representing Shares that you are tendering with this Letter of Transmittal has been lost, stolen, destroyed or mutilated, please contact the transfer agent for the Shares,

Computershare Trust Company, N.A. immediately at (855) 396-2084 to obtain instructions as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed. Please contact the Depository immediately to permit timely processing of the replacement documentation. See Instruction 11.

- o LOST CERTIFICATES: My certificate(s) for _____ Shares have been lost, stolen, destroyed or mutilated, and I require assistance in replacing the Shares. See Instruction 11.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ ACCOMPANYING INSTRUCTIONS CAREFULLY.**

PRICE PER SHARE AT WHICH SHARES ARE BEING TENDERED
(See Instruction 5)

CHECK ONLY ONE BOX UNDER 1 OR 2 BELOW.

1. PURCHASE PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED PURSUANT TO THE OFFER

- By checking this box INSTEAD OF ONE OF THE BOXES UNDER 2 BELOW, the undersigned hereby tenders Shares and is willing to accept the Purchase Price determined by Theravance pursuant to the Offer. This action will maximize the likelihood of having Theravance purchase all of the Shares tendered by the undersigned (subject to the possibility of proration). **You should understand that this election may lower the Purchase Price paid for all purchased Shares in the Offer and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.**

—OR—

2. AUCTION PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED BY YOU

By checking ONE of the boxes below INSTEAD OF THE BOX UNDER 1 ABOVE, the undersigned hereby tenders Shares at the price checked. This action could result in none of your Shares being purchased if the Purchase Price selected by Theravance for the Shares is less than the price checked below. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by Theravance will be purchased at the Purchase Price. All Shares so purchased by Theravance will be purchased at the same price regardless of whether the stockholder tendered at a lower price. **A stockholder who wishes to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are being tendered thereby.** The same Shares cannot be tendered (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price.

AUCTION PRICE TENDERS: PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED.

CHECK ONLY ONE BOX BELOW.

<input type="radio"/> \$8.50	<input type="radio"/> \$8.55	<input type="radio"/> \$8.60	<input type="radio"/> \$8.65	<input type="radio"/> \$8.70
<input type="radio"/> \$8.75	<input type="radio"/> \$8.80	<input type="radio"/> \$8.85	<input type="radio"/> \$8.90	<input type="radio"/> \$8.95
<input type="radio"/> \$9.00	<input type="radio"/> \$9.05	<input type="radio"/> \$9.10	<input type="radio"/> \$9.15	<input type="radio"/> \$9.20
<input type="radio"/> \$9.25				

ODD LOTS
(See Instruction 12)

As described in Section 1 of the Offer to Purchase, under certain conditions, stockholders holding fewer than 100 Shares may have their Shares accepted for payment before any proration of other tendered Shares. This preference is not available to partial tenders, or to beneficial or record holders of an aggregate of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. Accordingly, this section is to be completed ONLY if Shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 Shares. The undersigned either (check one box):

- owns, whether beneficially or of record, an aggregate of fewer than 100 Shares and is tendering all such Shares; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (i) is tendering for the beneficial owner(s) Shares with respect to which it is the record holder and (ii) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares and is tendering all such Shares.

Ladies and Gentlemen:

The undersigned hereby tenders to Theravance, Inc. a Delaware corporation (“Theravance” or the “Company”), the above-described Shares, pursuant to (i) auction tenders at prices specified by the tendering stockholders of not less than \$8.50 and not greater than \$9.25 per Share (“Auction Tenders”) or (ii) purchase price tenders (“Purchase Price Tenders”), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in the Offer to Purchase and in this Letter of Transmittal (which together with the Offer to Purchase, as they may be amended or supplemented from time to time, constitute the “Offer”), receipt of which is hereby acknowledged.

Subject to and effective upon acceptance for payment of, and payment for, the Shares tendered pursuant to this Letter of Transmittal in accordance with, and subject to, the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, Theravance, all right, title and interest in and to all the Shares that are being tendered hereby and irrevocably constitutes and appoints Computershare Trust Company, N.A. (the “Depositary”), the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned’s rights with respect to such tendered Shares, to (i) deliver certificates for such tendered Shares or transfer ownership of such tendered Shares or book-entry Shares on the records of the Depositary, or on the account books maintained by DTC (the “Book-Entry Transfer Facility”), together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, Theravance upon receipt by the Depositary, as the undersigned’s agent, of the aggregate purchase price with respect to such tendered Shares, (ii) present such tendered Shares for cancellation and transfer on Theravance’s books and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such tendered Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and that, when the same are accepted for payment by Theravance, Theravance will acquire good, marketable and unencumbered title to such Shares, free and clear of all liens, security interests, restrictions, charges, claims, encumbrances, conditional sales agreements or other similar obligations relating to the sale or transfer of the tendered Shares, and the same will not be subject to any adverse claim or right. The undersigned will, on request by the Depositary or Theravance, execute any additional documents deemed by the Depositary or Theravance to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby, all in accordance with the terms of the Offer.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the undersigned.

The undersigned understands that:

1. the valid tender of Shares pursuant to any of the procedures described in Section 3 of the Offer to Purchase and in the instructions to this Letter of Transmittal constitutes the undersigned’s acceptance of the terms and conditions of the Offer; Theravance’s acceptance of the tendered Shares will constitute a binding agreement between the undersigned and Theravance on the terms and subject to the conditions of the Offer;
2. it is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), for a person acting alone or in concert with others, directly or indirectly, to tender Shares for such person’s own account unless at the time of tender and until the Expiration Time, such person has a “net long position” in (i) the Shares that is equal to or

greater than the amount tendered and will deliver or cause to be delivered such Shares for the purpose of tender to Theravance within the period specified in the Offer, or (ii) other securities immediately convertible into, exercisable for or exchangeable into Shares (“Equivalent Securities”) that is equal to or greater than the amount tendered and, upon the acceptance of such tender, will acquire such Shares by conversion, exchange or exercise of such Equivalent Securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such Shares so acquired for the purpose of tender to Theravance within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth in this Letter of Transmittal will constitute the tendering stockholder’s representation and warranty to Theravance that (A) such stockholder has a “net long position” in Shares or Equivalent Securities being tendered within the meaning of Rule 14e-4, and (B) such tender of Shares complies with Rule 14e-4;

3. Theravance will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (the “Purchase Price”), not less than \$8.50 and not greater than \$9.25 per Share, net to the seller in cash, less any applicable withholding taxes and without interest, that it will pay for Shares validly tendered and not validly withdrawn, taking into account the number of Shares so tendered and the prices specified by tendering stockholders;

4. the Purchase Price will be the lowest single Purchase Price, not less than \$8.50 and not greater than \$9.25 per Share, that will allow Theravance to purchase Shares having an aggregate purchase price of up to \$75,000,000 (or, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, all Shares validly tendered and not validly withdrawn);

5. Theravance reserves the right, in its sole discretion, to increase or decrease the per Share Purchase Price and to increase or decrease the value of Shares sought in the Offer and may increase the aggregate purchase price offered in the Offer to an amount of up to \$75,000,000, subject to applicable law;

6. upon the terms and subject to the conditions of the Offer, all Shares validly tendered prior to the Expiration Time at or below the Purchase Price and not validly withdrawn will be purchased in the Offer at the Purchase Price, including the “odd lot” priority and proration (in the event that more than the value of Shares sought are validly tendered) described in the Offer to Purchase;

7. Theravance will return at its expense all Shares it does not purchase, including Shares tendered at prices greater than the Purchase Price and not validly withdrawn and Shares not purchased because of proration, promptly following the Expiration Time;

8. under the circumstances set forth in the Offer to Purchase, Theravance expressly reserves the right, in its sole discretion, to terminate the Offer at any time and from time to time, upon the occurrence of any of the events set forth in Section 6 of the Offer to Purchase and to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any Shares by giving oral or written notice of such extension to the Depository and making a public announcement thereof. During any such extension, all Shares previously tendered and not validly withdrawn will remain subject to the Offer and to the rights of a tendering stockholder to withdraw such stockholder’s Shares;

9. stockholders who cannot deliver their certificates and all other required documents to the Depository or complete the procedures for book-entry transfer prior to the Expiration Time may tender their Shares by validly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase and

arranging for receipt by the Depository of such Notice of Guaranteed Delivery prior to the Expiration Time;

10. Theravance has advised the undersigned to consult with the undersigned's broker and/or financial or tax advisor as to the consequences of tendering Shares pursuant to the Offer; and

11. THE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS OF SHARES BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS IN ANY JURISDICTION WITHIN THE UNITED STATES IN WHICH THE MAKING OR ACCEPTANCE OF THE OFFER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF THAT JURISDICTION.

The undersigned agrees to all of the terms and conditions of the Offer.

Unless otherwise indicated under "Special Payment Instructions," please issue the check for the purchase price of any Shares purchased (less the amount of any federal income or backup withholding tax required to be withheld), and return any Shares not tendered or not purchased, in the name(s) of the undersigned. Similarly, unless otherwise indicated under "Special Delivery Instructions," in connection with tenders of Share certificates, please mail certificates for Shares not tendered or not purchased (and accompanying documents, as appropriate) to the undersigned at the address shown below the undersigned's signature(s).

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

SPECIAL ISSUANCE INSTRUCTIONS

(See Instructions 1, 6, 7 and 8)

To be completed ONLY if the check for the purchase price is to be issued in the name of someone other than the undersigned.

Name: _____
(PLEASE PRINT)

Address: _____

(INCLUDE ZIP CODE)

**(RECIPIENT MUST COMPLETE THE IRS FORM W-9 INCLUDED HEREIN
OR AN APPLICABLE IRS FORM W-8)**

SPECIAL DELIVERY INSTRUCTIONS

To be completed ONLY if the check for the purchase price is to be mailed or sent to someone other than the undersigned or to the undersigned at an address other than that designated above.

Name: _____
(PLEASE PRINT)

Address: _____

(INCLUDE ZIP CODE)

**IMPORTANT
STOCKHOLDER: SIGN HERE
(PLEASE COMPLETE AND RETURN THE ACCOMPANYING IRS FORM W-9
OR AN APPLICABLE IRS FORM W-8)**

By signing below, the undersigned expressly agrees to the terms and conditions set forth above.

Signature(s) of Owner(s) _____

Signature(s) of Owner(s) _____

Name(s) _____
(Please Print)

Capacity (full title) _____
(See Instruction 6)

Address: _____

(Include Zip Code)

Area Code and Telephone Number _____

Dated _____

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Share certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 6.)

**GUARANTEE OF SIGNATURE(S)
(If required—See Instructions 1 and 6)**

APPLY MEDALLION GUARANTEE STAMP BELOW

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. Guarantee of Signatures. No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the certificate(s) for the Shares tendered with this Letter of Transmittal or in the case of book-entry Shares, on the records of the Depository, and payment and delivery are to be made directly to such registered holder and such registered holder has not completed the box entitled "Special Payment Instructions"; or

(b) Shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or an "eligible guarantor institution," as the term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing constituting an "Eligible Institution").

2. Requirements of Tender. You must use this Letter of Transmittal to forward certificates for Shares and to tender any/all Shares held in book-entry form on the records of the Depository (or if the certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository). Certificates for all physically tendered Shares along with a properly completed and duly executed Letter of Transmittal, including any required signature guarantees, and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth herein and must be delivered to the Depository on or before the Expiration Time.

LETTERS OF TRANSMITTAL MUST BE RECEIVED IN THE OFFICE OF THE DEPOSITARY BY THE EXPIRATION TIME. GUARANTEED DELIVERIES WILL BE ACCEPTED IN ACCORDANCE WITH THE TERMS OF THE OFFER AND THIS LETTER OF TRANSMITTAL UNTIL THE EXPIRATION TIME.

Guaranteed Delivery. If you cannot deliver your Share certificates and all other required documents to the Depository by the Expiration Time or the procedure for book-entry transfer cannot be completed on a timely basis, you may tender your Shares pursuant to the guaranteed delivery procedure outlined in Section 3 of the Offer to Purchase. Pursuant to such procedure:

(a) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided to you by Theravance must be received by the Depository by the Expiration Time, specifying the number of Shares and the price at which Shares are being tendered, including (where required) a signature guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery; and

(b) the certificates for all physically delivered Shares, or a confirmation of a book-entry transfer of all Shares delivered electronically into the Depository's account at the Book-Entry Transfer Facility, together with a properly completed and duly executed Letter of Transmittal with any required signature guarantees, an Agent's Message in the case of a book-entry transfer or a specific acknowledgment in the case of a tender through the Automated Tender Offer Program of the Book-Entry Transfer Facility and any other documents required by this Letter of Transmittal, must be received by the Depository within three business days after the receipt by the Depository of the Notice of Guaranteed Delivery.

The method of delivery of all documents, including certificates for Shares, is at the option and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to assure timely delivery.

Theravance will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional Shares. By executing this Letter of Transmittal (or a facsimile of it), you waive any right to receive any notice of the acceptance for payment of the Shares.

3. Inadequate Space. If the space provided in this Letter of Transmittal is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule attached hereto.

4. Partial Tenders. If fewer than all of the Shares evidenced by any certificate are to be tendered, fill in the number of Shares that are to be tendered in the column entitled "Number of Shares Tendered" in the box entitled "Description of Shares Tendered" above. Unless otherwise indicated, all Shares represented by the certificate(s) set forth above and delivered to the Depository will be deemed to have been tendered. In each case, Shares will be returned or credited without expense to the stockholder.

5. Indication of Price at Which Shares are Being Tendered. For Shares to be validly tendered, the stockholder may either (i) check the box in the section captioned "Purchase Price Tenders: Shares Tendered at a Price Determined Pursuant to the Offer" in order to maximize the likelihood of having Theravance accept for payment all of the Shares tendered (subject to the possibility of proration) or (ii) check the box indicating the price per Share at which such stockholder is tendering Shares under "Auction Price Tenders: Shares Tendered at a Price Determined by You." Selecting option (i) could result in the stockholder receiving a price per Share as low as \$8.50.

Stockholders who validly tender Shares without specifying whether they are making an Auction Tender or a Purchase Price Tender will be deemed to have made a Purchase Price Tender.

ONLY ONE BOX UNDER (i) OR (ii) MAY BE CHECKED. A STOCKHOLDER WISHING TO TENDER PORTIONS OF SUCH STOCKHOLDER'S SHARE HOLDINGS AT DIFFERENT PRICES MUST COMPLETE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE AT WHICH SUCH STOCKHOLDER WISHES TO TENDER EACH SUCH PORTION OF SUCH STOCKHOLDER'S SHARES. The same Shares cannot be tendered more than once (unless previously validly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price. Any stockholder who wishes to tender Shares at more than one price must complete a separate Letter of Transmittal for each price at which Shares are being tendered.

6. Signatures on Letter of Transmittal, Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Share certificate(s) without any change or alteration whatsoever.

If any of the Shares tendered hereby are owned of record by two or more joint owners, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in different names on different certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing and submit valid evidence satisfactory to Theravance of his or her authority to so act.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of certificates or separate stock powers are required unless payment of the Purchase Price is to be made, or certificates for Shares not tendered or not accepted for payment are to be

issued, in the name of any person other than the registered holder(s). Signatures on any such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the certificate(s) representing such Shares must be validly endorsed for transfer or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s). The signature(s) on any such certificate(s) or stock power(s) must be guaranteed by an Eligible Institution.

7. Stock Transfer Taxes. Theravance will pay all stock transfer taxes, if any, payable on the transfer to Theravance of Shares purchased pursuant to the Offer. If, however, payment of the Purchase Price is to be made to, or (in circumstances permitted by the Offer) unpurchased Shares are to be registered in the name of, any person(s) other than the registered holder(s), or if tendered book-entry accounts are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s) or such other person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such stock transfer taxes, or exemption therefrom, is submitted with this Letter of Transmittal.

Except as provided in this Instruction 7, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

8. Special Payment Instructions. If the check is to be issued in the name of a person other than the signer of this Letter of Transmittal, signatures must be guaranteed as described in Instructions 1 and 6.

9. Waiver of Conditions; Irregularities. All questions as to the number of Shares to be accepted, the Purchase Price to be paid for Shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares, or as to the validity (including time of receipt) and form of any notice of withdrawal of tendered Shares, will be determined by Theravance, in its sole discretion, and its determination will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. Theravance reserves the absolute right, subject to applicable law, to reject any or all tenders of any Shares that Theravance determines are not in valid form or the acceptance for payment of or payment for which may, in the opinion of Theravance's counsel, be unlawful. Theravance reserves the absolute right, subject to applicable law, to reject any notices of withdrawal that it determines are not in valid form. Theravance also reserves the absolute right, subject to the applicable rules and regulations of the Securities and Exchange Commission, to waive any of the conditions of the Offer prior to the Expiration Time, or any defect or irregularity in any tender or withdrawal with respect to any particular Shares or any particular stockholder, and Theravance's interpretation of the terms of the Offer (including these instructions) will be final and binding on all persons participating in the Offer, subject to such Offer participants disputing such determination in a court of competent jurisdiction. No tender or withdrawal of Shares will be deemed to have been validly made until all defects or irregularities have been cured by the tendering or withdrawing stockholder or waived by Theravance. Theravance will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender or withdrawal of Shares. None of Theravance, the Dealer Manager, the Information Agent, the Depository or any other person will be obligated to give notice of any defects or irregularities in any tender or withdrawal, nor will any of the foregoing incur any liability for failure to give any such notice.

10. Requests for Assistance or Additional Copies. Questions and requests for assistance should be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth below. Requests for additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery, the IRS Form W-9 (which can also be obtained at

www.irs.gov) or other related materials should be directed to the Information Agent. Copies will be furnished promptly at Theravance's expense.

11. Lost, Destroyed or Stolen Certificates. If any certificate representing Shares has been lost, destroyed or stolen, the stockholder should promptly notify the Transfer Agent, Computershare Trust Company, N.A. at the toll-free number (855) 396-2084. The stockholder will then be instructed by the Depositary as to the steps that must be taken in order to replace the certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost, destroyed or stolen certificates have been followed.

12. Odd Lots. As described in Section 1 of the Offer to Purchase, if Theravance is to purchase fewer than all Shares tendered before the Expiration Time and not validly withdrawn, the Shares purchased first will consist of all Odd Lots of less than 100 Shares from stockholders who validly tender all of their Shares at or below the Purchase Price and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holder will not qualify for this preference). This preference will not be available unless the section captioned "Odd Lots" in this Letter of Transmittal is completed.

13. Order of Purchase in Event of Proration. As described in Section 1 of the Offer to Purchase, stockholders may designate the order in which their Shares are to be purchased in the event of proration. The order of purchase may have an effect on the U.S. federal income tax classification and the amount of any gain or loss on the Shares purchased. See Section 1 and Section 12 of the Offer to Purchase.

IMPORTANT: THIS LETTER OF TRANSMITTAL, PROPERLY COMPLETED AND DULY EXECUTED, TOGETHER WITH CERTIFICATES REPRESENTING SHARES BEING TENDERED AND ANY REQUIRED SIGNATURE GUARANTEES, OR, IN THE CASE OF A BOOK-ENTRY TRANSFER, CONFIRMATION OF BOOK-ENTRY TRANSFER AND AN AGENT'S MESSAGE, AND ALL OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION TIME, OR THE TENDERING STOCKHOLDER MUST COMPLY WITH THE PROCEDURES FOR GUARANTEED DELIVERY.

IMPORTANT U.S. TAX INFORMATION

This is a summary of certain material U.S. federal income tax considerations. Stockholders should consult with their tax advisors regarding the tax consequences with respect to their particular circumstances.

In order to avoid backup withholding of U.S. federal income tax on payments pursuant to the Offer, a U.S. Holder (as defined in Section 12, "*Certain U.S. Federal Income Tax Consequences*", of the Offer to Purchase) tendering Shares must, unless an exemption applies, timely provide the applicable withholding agent with such stockholder's correct taxpayer identification number ("TIN"), certify under penalties of perjury that such TIN is correct (or that such stockholder is waiting for a TIN to be issued), and provide certain other certifications by completing the IRS Form W-9 accompanying this Letter of Transmittal. If a stockholder does not provide his, her or its correct TIN or fails to provide the required certifications, the IRS may impose certain penalties on such stockholder and payment to such stockholder pursuant to the Offer may be subject to U.S. federal backup withholding at a rate equal to 28%. All U.S. Holders tendering Shares pursuant to the Offer should complete and sign the IRS Form W-9 to provide the information and certification necessary to avoid U.S. federal backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to the applicable withholding agent). To the extent that a U.S. Holder designates another U.S. person to receive payment, such other person may be required to provide a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Rather, the amount of the backup withholding may be credited against the U.S. federal income tax liability of the person subject to the backup withholding. If backup withholding results in an overpayment of tax, a refund can be obtained by the stockholder by timely providing the required information to the IRS.

If the stockholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future, then the stockholder should write "APPLIED FOR" in the space for the TIN in Part I of the IRS Form W-9 and should sign and date the IRS Form W-9. If the applicable withholding agent has not been provided with a properly certified TIN by the time of payment, U.S. federal backup withholding will apply. If the Shares are held in more than one name or are not in the name of the actual owner, consult the instructions on the IRS Form W-9 for additional guidance on which name and TIN to report.

Certain stockholders (including, among others, corporations, individual retirement accounts and certain foreign individuals and entities) are not subject to U.S. federal backup withholding but may be required to provide evidence of their exemption from such backup withholding. Exempt U.S. stockholders should provide their proper "Exempt payee" code on the IRS Form W-9. See the accompanying IRS Form W-9 for more instructions.

Non-U.S. Holders (as defined in Section 12, "*Certain U.S. Federal Income Tax Consequences*", of the Offer to Purchase), such as non-resident alien individuals and foreign entities, including a disregarded U.S. domestic entity that has a foreign owner, should not complete an IRS Form W-9. Instead, to establish an applicable withholding exemption from backup withholding and establish its Foreign Account Tax Compliance Act ("FATCA") status, a Non-U.S. Holder (or its non-U.S. designee, if any) may be required to complete and submit an IRS Form W-8BEN, W-8BEN-E, W-8IMY (with any required attachments), W-8ECI, or W-8EXP, as applicable, signed under penalties of perjury, attesting to such Non-U.S. Holder's exemption from backup withholding and his, her or its FATCA status (which may be obtained on the IRS website (www.irs.gov)). Unless such Non-U.S. Holder establishes his, her or its exemption from FATCA, or otherwise complies with FATCA reporting obligations, the applicable withholding agent generally will withhold 30% from such Non-U.S. Holder's proceeds (see Section 12, "*Certain U.S. Federal Income Tax Consequences*", of the Offer to Purchase).

Even if a Non-U.S. Holder has provided the required certification to avoid backup withholding and FATCA withholding (as described above), a Non-U.S. Holder should expect that the applicable withholding agent will withhold U.S. federal income taxes equal to 30% of the gross proceeds payable to such Non-U.S. Holder pursuant to the Offer unless the applicable withholding agent determines that (i) a reduced rate of withholding is available pursuant to a tax treaty and the payment is not subject to withholding under FATCA or (ii) an exemption from withholding is applicable because such gross proceeds are effectively connected with such Non-U.S. Holder's conduct of a trade or business within the United States United States. See Section 12, "*Certain U.S. Federal Income Tax Consequences*", of the Offer to Purchase.

Stockholders are urged to consult their tax advisors to determine whether they are exempt from these backup withholding tax and reporting requirements. Further, Non-U.S. Holders are urged to consult their tax advisors to determine whether they are subject to FATCA withholding tax and reporting requirements.

Request for Taxpayer Identification Number and Certification

**Give Form to the
 requester. Do not
 send to the IRS.**

Print or type
 See **Specific Instructions** on page 2.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
2 Business name/disregarded entity name, if different from above	
3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) > _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) > _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
6 City, state, and ZIP code	
7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

[]	[]	[]	-	[]	[]	-	[]	[]	[]	[]
-----	-----	-----	---	-----	-----	---	-----	-----	-----	-----

or

Employer identification number

[]	[]	-	[]	[]	[]	[]	[]	[]	[]	[]
-----	-----	---	-----	-----	-----	-----	-----	-----	-----	-----

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person >	Date >
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• Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)

• Form 1099-C (canceled debt)

• Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

*If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See **What is backup withholding?** on page 2.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)

• Form 1099-S (proceeds from real estate transactions)

• Form 1099-K (merchant card and third party network transactions)

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exemption (under paragraph 2 of the first protocol) and is relying on this exemption to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2) (iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1 – An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2 – The United States or any of its agencies or instrumentalities
- 3 – A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4 – A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5 – A corporation
- 6 – A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7 – A futures commission merchant registered with the Commodity Futures Trading Commission
- 8 – A real estate investment trust
- 9 – An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10 – A common trust fund operated by a bank under section 584(a)
- 11 – A financial institution
- 12 – A middleman known in the investment community as a nominee or custodian
- 13 – A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

- A – An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)
- B – The United States or any of its agencies or instrumentalities
- C – A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- D – A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)
- E – A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)
- F – A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state
- G – A real estate investment trust
- H – A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940
- I – A common trust fund as defined in section 584(a)
- J – A bank as defined in section 581
- K – A broker
- L – A trust exempt from tax under section 664 or described in section 4947(a)(1)
- M – A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

* **Note.** Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

This Letter of Transmittal and any other required documents should be sent or delivered by each stockholder of the Company or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the Depository at its address set forth below (photocopies or scans with manual signatures may be used to tender Shares).

The Depositary for the Offer is:



By Registered, Certified or Express Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940

By Overnight Courier:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
250 Royall Street, Suite V
Canton, MA 02021

Facsimile (for withdrawals only): (617) 360-6810

Delivery of this Letter of Transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Questions and requests for assistance by stockholders may be directed to the Dealer Manager or the Information Agent, in each case at the telephone numbers and addresses set forth below. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee and/or financial advisor for assistance concerning the Offer.

You may request additional copies of the Offer to Purchase, this Letter of Transmittal and other Offer documents from the Information Agent at the telephone numbers and address set forth below. The Information Agent will promptly furnish to stockholders additional copies of these materials at the Company's expense.

The Information Agent for the Offer is:



480 Washington Blvd., 26th Floor
Jersey City, NJ 07310
Banks, Brokers and Stockholders
Call Toll-Free: (866) 297-1410
Or Contact via E-mail at theravance@georgeson.com

The Dealer Manager for the Offer is:



Evercore Group L.L.C.
Attention: Equity Capital Markets
55 East 52nd Street, 36th Floor
New York, NY 10055
Call Toll-Free: (877) 993-2673
Direct: (212) 849-3486
Or Contact via E-mail at ECM_Prospectus@evercoreisi.com

QuickLinks

[The Depositary for the Offer is](#)

[YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED THEREFOR BELOW, WITH SIGNATURE GUARANTEE IF REQUIRED, AND COMPLETE EITHER THE ACCOMPANYING INTERNAL REVENUE SERVICE \("IRS"\) FORM W-9 OR AN APPLICABLE IRS FORM W-8, Additional Information if Shares Have Been Lost, Are Being Delivered By Book-Entry Transfer or Are Being Delivered Pursuant to a Previous Notice of Guaranteed Delivery.](#)

[PRICE PER SHARE AT WHICH SHARES ARE BEING TENDERED \(See Instruction 5\)](#)

[CHECK ONLY ONE BOX UNDER 1 OR 2 BELOW.](#)

[ODD LOTS \(See Instruction 12\)](#)

[PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY](#)

[INSTRUCTIONS Forming Part of the Terms and Conditions of the Offer](#)

[IMPORTANT U.S. TAX INFORMATION](#)

[The Depositary for the Offer is](#)

[The Information Agent for the Offer is](#)

[The Dealer Manager for the Offer is](#)

NOTICE OF GUARANTEED DELIVERY
To Tender Shares of Common Stock of

Theravance, Inc.

**Pursuant to its Offer to Purchase for Cash Dated October 30, 2015
Up to \$75,000,000 of Shares of its Common Stock
At a Purchase Price of Not Less Than \$8.50 Nor Greater Than \$9.25
Per Share**

THE OFFER, THE PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE "EXPIRATION TIME").

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION, AND YOU SHOULD CAREFULLY READ BOTH IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER. YOU MAY TENDER ALL OR A PORTION OF YOUR SHARES. YOU ALSO MAY CHOOSE NOT TO TENDER ANY OF YOUR SHARES.

If you want to tender all or a portion of your shares of Theravance, Inc. common stock, par value \$0.01 per share ("Shares"), this form must be used to accept the Offer (as defined below), if certificates for your Shares are not immediately available or you cannot comply with the procedure for book-entry transfer through The Depository Trust Company's ("DTC") Automated Tender Offer Program ("ATOP") system by the Expiration Time or time will not permit delivery of all required documents, including a properly completed and duly executed Letter of Transmittal, to the Depository prior to the Expiration Time, as set forth in Section 3, "Procedures for Tendering Shares", of the Offer to Purchase (as defined below).

This form, signed and properly completed, may be delivered by facsimile to Computershare Trust Company, N.A., the Depository for the Offer (the "Depository"). See Section 3, "Procedures for Tendering Shares", of the Offer to Purchase. All capitalized terms used and not defined herein shall have the same meanings as in the Offer to Purchase.

The Depository for the Offer is:



Guarantees By Facsimile Transmission:
(For Eligible Institutions Only)
(617) 360-6810

Confirm Guarantee Facsimile Transmission:
(781) 575-2332

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

For this Notice of Guaranteed Delivery to be validly delivered, it must be received by the Depository at the above address prior to the Expiration Time. Deliveries to the Company (as defined below), Evercore Group L.L.C., the dealer manager for the Offer, Georgeson Inc., the information agent for the Offer, The Depository Trust Company or any other person will not be forwarded to the Depository and therefore will not constitute valid delivery.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution under the instructions in the Letter of Transmittal, the signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Theravance, Inc., a Delaware corporation (the "Company"), at the price(s) per Share indicated in this Notice of Guaranteed Delivery, net to the seller in cash, less any applicable withholding taxes and without interest, on the terms and subject to the conditions set forth in the Offer to Purchase, dated October 30, 2015 (the "Offer to Purchase") and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 3, "Procedures for Tendering Shares", of the Offer to Purchase.

NUMBER OF SHARES BEING TENDERED HEREBY: _____ SHARES

CHECK ONLY ONE BOX BELOW.

**PURCHASE PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED PURSUANT TO THE OFFER
(See Instruction 5 of the Letter of Transmittal)**

- The undersigned wishes to maximize the chance of having Theravance purchase all the Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this ONE box INSTEAD OF ONE OF THE PRICE BOXES BELOW, the undersigned hereby tenders Shares and is willing to accept the purchase price determined by Theravance pursuant to the Offer. **Note that this election is deemed to tender Shares at the minimum Purchase Price under the Offer of \$8.50 per Share for purposes of determining the Purchase Price in the Offer and could result in the Purchase Price to be lower and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.**

— OR —

**AUCTION PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED BY STOCKHOLDER
(See Instruction 5 of the Letter of Transmittal)**

By checking ONE of the boxes below INSTEAD OF THE BOX ABOVE, the undersigned hereby tenders Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price for the Shares is less than the price checked. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by Theravance will be purchased at the Purchase Price. **A stockholder who wishes to tender Shares at more than one price must complete a separate Notice of Guaranteed Delivery and/or Letter of Transmittal for each price at which Shares are being tendered.** The same Shares cannot be tendered (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

<input type="radio"/> \$8.50	<input type="radio"/> \$8.55	<input type="radio"/> \$8.60	<input type="radio"/> \$8.65	<input type="radio"/> \$8.70
<input type="radio"/> \$8.75	<input type="radio"/> \$8.80	<input type="radio"/> \$8.85	<input type="radio"/> \$8.90	<input type="radio"/> \$8.95
<input type="radio"/> \$9.00	<input type="radio"/> \$9.05	<input type="radio"/> \$9.10	<input type="radio"/> \$9.15	<input type="radio"/> \$9.20
<input type="radio"/> \$9.25				

ODD LOTS

(See Instruction 12 of the Letter of Transmittal)

As described in Section 1, “*Number of Shares; Purchase Price; Proration*”, of the Offer to Purchase, under certain conditions, stockholders holding a total of fewer than 100 Shares may have their shares accepted for payment before any proration of other tendered Shares. This preference is not available to partial tenders or to beneficial or record holders of an aggregate of 100 or more Shares, even if these holders have separate accounts representing fewer than 100 Shares. Accordingly, this section is to be completed **ONLY** if Shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 Shares. The undersigned either (check one box):

- o is the beneficial or record owner of an aggregate of fewer than 100 Shares, all of which are being tendered; or
- o is a broker, dealer, commercial bank, trust company or other nominee that (a) is tendering for the beneficial owner(s) Shares with respect to which it is the record holder, and (b) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

SIGN HERE

Name(s) of Record Holder(s): _____

(Please Type or Print)

Address(es): _____

Zip Code(s): _____

Area Code(s) and Telephone Number(s): _____

Signature(s): _____

Dated: _____, 2015

Name of Tendering Institution: _____

Account Number: _____

THE GUARANTEE SET FORTH BELOW MUST BE COMPLETED.

**GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)**

The undersigned, a firm that is a member in good standing of a recognized Medallion Program approved by the Securities Transfer Association, Inc., including the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program, the Stock Exchange Medallion Program, or an "eligible guarantor institution," as the term is defined in Rule 17Ad-15 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), hereby guarantees that (1) the above named person(s) "own(s)" the Shares tendered hereby within the meaning of Rule 14e-4 promulgated under the Exchange Act, (2) such tender of shares of Common Stock complies with Rule 14e-4 promulgated under the Exchange Act and (3) it will deliver to the Depository confirmation of book-entry transfer of such Shares into the Depository's account at The Depository Trust Company, in any such case, together with a properly completed and duly executed Letter of Transmittal, or a manually signed photocopy of the Letter of Transmittal, or an Agent's Message (as defined in the Offer to Purchase), and any required signature guarantees and other documents required by the Letter of Transmittal, within three business days (as defined in the Offer to Purchase) after the date of receipt by the Depository of this Notice of Guaranteed Delivery.

The eligible guarantor institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal to the Depository within the time period stated herein. Failure to do so could result in financial loss to such eligible guarantor institution.

Name of Firm: _____

Authorized Signature: _____

Name: _____
(Please Type or Print)

Title: _____

Address: _____

Zip Code: _____

Area Code and Telephone Number: _____

Dated: _____, 2015

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE. CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

QuickLinks

[Exhibit \(a\)\(1\)\(C\)](#)

[The Depositary for the Offer is](#)

[CHECK ONLY ONE BOX BELOW. PURCHASE PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED PURSUANT TO THE OFFER \(See Instruction 5 of the Letter of Transmittal\)](#)

[AUCTION PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED BY STOCKHOLDER \(See Instruction 5 of the Letter of Transmittal\)](#)

[PRICE \(IN DOLLARS\) PER SHARE AT WHICH SHARES ARE BEING TENDERED](#)

[ODD LOTS](#)

[\(See Instruction 12 of the Letter of Transmittal\)](#)

[SIGN HERE](#)

[GUARANTEE \(NOT TO BE USED FOR SIGNATURE GUARANTEE\)](#)

Offer to Purchase for Cash by
Theravance, Inc.
of
Up to \$75,000,000 of Shares of its Common Stock
At a Purchase Price of Not Less Than \$8.50 Nor Greater Than \$9.25 Per Share

THE OFFER, THE PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE "EXPIRATION TIME").

October 30, 2015

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

We have been appointed by Theravance, Inc., a Delaware corporation (the "Company"), to act as the Dealer Manager in connection with the Company's offer to purchase for cash shares of its common stock, par value \$0.01 per share (the "Shares"), for an aggregate purchase price of up to \$75,000,000, pursuant to (i) auction tenders at prices specified by the tendering stockholders of not less than \$8.50 and not greater than \$9.25 per Share ("Auction Tenders") or (ii) purchase price tenders ("Purchase Price Tenders"), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in the Offer to Purchase, dated October 30, 2015 (the "Offer to Purchase") and in the related Letter of Transmittal (which, as they may be amended or supplemented from time to time, together constitute the "Offer"). All capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Offer to Purchase.

Promptly after the Expiration Time, assuming the conditions of the Offer have been satisfied or waived, the Company will determine, upon the terms of the Offer, a single price per Share (the "Purchase Price"), which will be not less than \$8.50 and not greater than \$9.25 per Share, that the Company will pay for Shares purchased in the Offer. The Purchase Price will be the lowest price per Share that will enable the Company to purchase the maximum number of Shares validly tendered in the Offer and not validly withdrawn having an aggregate purchase price of up to \$75,000,000. Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be eligible for purchase in the Offer. Shares validly tendered pursuant to an Auction Tender at a price specified in the Auction Tender that is greater than the Purchase Price will not be purchased. Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, the Company will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction in the Company's reasonable judgment or waiver of the conditions to the Offer.

All Shares purchased in the Offer will be purchased at the same Purchase Price regardless of whether the stockholder tendered at a lower price. However, because of the "odd lot" priority and proration provisions described in the Offer to Purchase, all of the Shares tendered at or below the Purchase Price may not be purchased if Shares having an aggregate value in excess of \$75,000,000 are properly tendered and not properly withdrawn.

Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of more than \$75,000,000 (or such greater value of Shares as the Company may elect to purchase, subject to applicable law) are validly tendered at or below the Purchase Price and not validly withdrawn, the Company will purchase Shares at the Purchase Price, in the following priority: (i) first, the Company will purchase all Odd Lots of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holder will not qualify for this preference); and (ii) second, after purchasing all the Odd Lots that were validly

tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), the Company will purchase Shares at the Purchase Price from all other holders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional Shares, until the Company has acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value as we may elect to purchase, subject to applicable law). Therefore, the Company may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price or by Purchase Price Tender. See Sections 1 and 6 of the Offer to Purchase.

If any tendered Shares are not purchased, or if less than all Shares evidenced by a stockholder's certificates are tendered, certificates for unpurchased Shares will be returned promptly after the Expiration Time or the valid withdrawal of the Shares, or, in the case of Shares tendered by book-entry transfer at The Depository Trust Company ("DTC"), the Shares will be credited to the appropriate account maintained by the tendering stockholder at DTC, in each case at the Company's expense.

In addition, in the event that Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000, the Company may exercise its right to purchase up to an additional 2% of the outstanding Shares without extending the Expiration Time. The Company also expressly reserves the right, in its sole discretion, to amend the Offer to purchase more than \$75,000,000 in value of Shares in the Offer subject to applicable law. See Section 1 and 14 of the Offer to Purchase.

For your information, and for forwarding to those of your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated October 30, 2015;
2. Letter of Transmittal and the IRS Form W-9 for your use if you wish to accept the Offer and tender Shares of, and for the information of, your clients;
3. Letter to Clients, for you to send to your clients for whose accounts you hold Shares registered in your name or in the name of a nominee, with an Instruction Form provided for obtaining such clients' instructions with regard to the Offer;
4. Notice of Guaranteed Delivery with respect to Shares, to be used if you wish accept the Offer and certificates representing the Shares are not immediately available or cannot be delivered to Computershare Trust Company, N.A., as depository for the Offer (the "Depository"), prior to the Expiration Time or the procedures for book-entry transfer through DTC's Automated Tender Offer Program ("ATOP") system cannot be completed by the Expiration Time or if time will not permit delivery of all required documents, including a properly completed and duly executed Letter of Transmittal, to the Depository prior to the Expiration Time; and
5. Return envelope addressed to the Depository.

Please furnish copies of the enclosed materials to those of your clients for whom you hold Shares registered in your name or in the name of your nominee.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION AND SHOULD BE CAREFULLY READ IN THEIR ENTIRETY BEFORE A DECISION IS MADE WITH RESPECT TO THE OFFER. YOUR CLIENTS MAY TENDER ALL OR A PORTION OF THEIR SHARES. YOUR CLIENTS ALSO MAY CHOOSE NOT TO TENDER ANY OF THEIR SHARES.

The conditions of the Offer are described in Section 6, "*Conditions of the Offer*", of the Offer to Purchase.

Your prompt action is requested. We urge you to contact your clients as promptly as possible. Please note that the Offer, the proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Tuesday, December 1, 2015, unless the Offer is extended or withdrawn. Under no circumstances will the Company pay interest on the Purchase Price, even if there is any delay in making payment.

If you want to tender Shares pursuant to the Offer:

- the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedure for book-entry transfer set forth below), together with a validly completed and duly executed Letter of Transmittal, including any required signature guarantees, or an Agent's Message (as defined below), and any other documents required by the Letter of Transmittal, must be received before the Expiration Time by the Depository at the applicable address set forth on the back cover of this Offer to Purchase; and
- the tendering stockholder must, prior to the Expiration Time, comply with the guaranteed delivery procedures set forth in the Offer to Purchase.

Although the Company's Board of Directors has authorized the Offer, none of the Company, the Company's Board of Directors, the Dealer Manager, the Depository or the Information Agent (each as defined in the Offer to Purchase) has made, or is making, any recommendation to your clients as to whether they should tender or refrain from tendering their Shares or as to the price or prices at which they may choose to tender their Shares. Your clients must make their own decisions as to whether to tender their Shares, how many Shares Stock to tender and the price or prices at which their Shares should be tendered. In doing so, your clients should read carefully the information in, or incorporated by reference into, the Offer to Purchase and the related Letter of Transmittal including the purposes and effects of the Offer. See Section 2 of the Offer to Purchase, "*Purpose of the Offer; Certain Effects of the Offer*". Your clients are urged to discuss their decisions with their broker and/or financial or tax advisor.

The Company will not pay any fees or commissions to brokers, dealers or other persons (other than fees to the Dealer Manager) for soliciting tenders of Shares pursuant to the Offer. However, the Company will, on request, reimburse you for customary mailing and handling expenses incurred by you in forwarding copies of the enclosed Offer and related materials to your clients. The Company will pay or cause to be paid all stock transfer taxes, if any, on its purchase of Shares pursuant to the Offer, except as otherwise provided in the Offer to Purchase (see Section 5, "*Purchase of Shares and Payment of Purchase Price*", of the Offer to Purchase).

If you have any questions regarding the Offer, please contact the Dealer Manager (institutional stockholders) or the Information Agent (retail stockholders), each at the telephone numbers and addresses set forth on the back cover of the Offer to Purchase. If you require additional copies of the Offer to Purchase, the Letter of Transmittal or any amendments or supplements thereto, please contact the Information Agent at the telephone numbers and address set forth on the back cover of the Offer to Purchase.

Very truly yours,

Evercore Group L.L.C.

Nothing contained in this letter or in the enclosed documents shall render you or any other person the agent of the Company, the Dealer Manager, the Depository, the Information Agent or any affiliate of any of them or authorize you or any other person to give any information or use any document or make any statement on behalf of any of them with respect to the Offer other than the enclosed documents and the statements contained therein.

Offer to Purchase for Cash by
Theravance, Inc.
of
Up to \$75,000,000 of Shares of its Common Stock
At a Purchase Price of Not Less Than \$8.50 Nor Greater Than \$9.25 Per Share

THE OFFER, THE PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH TIME AND DATE, AS THEY MAY BE EXTENDED, THE “EXPIRATION TIME”).

October 30, 2015

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated October 30, 2015 (the “Offer to Purchase”), and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the “Offer”) in connection with Theravance, Inc.’s (the “Company”) offer to purchase for cash shares of its common stock, par value \$0.01 per share (the “Shares”), for an aggregate purchase price of up to \$75,000,000, pursuant to (i) auction tenders at prices specified by the tendering stockholders of not less than \$8.50 nor greater than \$9.25 per Share (“Auction Tenders”) or (ii) purchase price tenders (“Purchase Price Tenders”), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in the Offer, receipt of which is hereby acknowledged. All capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Offer to Purchase.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION, AND YOU SHOULD CAREFULLY READ BOTH IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER. YOU MAY TENDER ALL OR A PORTION OF YOUR SHARES. YOU ALSO MAY CHOOSE NOT TO TENDER ANY OF YOUR SHARES.

Promptly after the Expiration Time, assuming the conditions to the Offer have been satisfied or waived, the Company will determine, upon the terms of the Offer, a single price per share (the “Purchase Price”), which will be not less than \$8.50 nor greater than \$9.25 per share of Common Stock, that the Company will pay for Shares purchased in the Offer. The Purchase Price will be the lowest price per Share that will enable the Company to purchase the maximum number of Shares validly tendered in the Offer and not validly withdrawn having an aggregate purchase price of up to \$75,000,000. Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be eligible for purchase in the Offer. Shares validly tendered pursuant to an Auction Tender at a price specified in the Auction Tender that is greater than the Purchase Price will not be purchased. Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, the Company will buy all Shares validly tendered and not validly withdrawn, subject to the satisfaction in the Company’s reasonable judgment or waiver of the conditions to the Offer.

All Shares purchased in the Offer will be purchased at the same Purchase Price regardless of whether the stockholder tendered at a lower price. However, because of the “odd lot” priority and proration provisions described in the Offer to Purchase, all of the Shares tendered at or below the Purchase Price may not be purchased if Shares having an aggregate value in excess of \$75,000,000 are validly tendered and not validly withdrawn.

Upon the terms and subject to the conditions of the Offer, if Shares having an aggregate purchase price of more than \$75,000,000 (or such greater value of Shares as the Company may elect to purchase, subject to applicable law) are validly tendered at or below the Purchase Price and not validly withdrawn, the Company will purchase Shares at the Purchase Price, in the following priority: (i) first, the Company will purchase all Odd Lots of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares

tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holder will not qualify for this preference); and (ii) second, after purchasing all the Odd Lots that were validly tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), the Company will purchase Shares at the Purchase Price from all other holders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional Shares, until the Company has acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value as we may elect to purchase, subject to applicable law). Therefore, the Company may not purchase all of the Shares that you tender even if you tender them at or below the Purchase Price or by Purchase Price Tender. See Sections 1 and 6 of the Offer to Purchase.

If any tendered Shares are not purchased, or if less than all Shares evidenced by a stockholder's certificates are tendered, certificates for unpurchased Shares will be returned promptly after the Expiration Time or the valid withdrawal of the Shares, or, in the case of Shares tendered by book-entry transfer at the DTC, the Shares will be credited to the appropriate account maintained by the tendering stockholder at DTC, in each case at the Company's expense.

In addition, in the event that Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000, the Company may exercise its right to purchase up to an additional 2% of the outstanding Shares without extending the Expiration Time. The Company also expressly reserves the right, in its sole discretion, to amend the Offer to purchase more than \$75,000,000 in value of Shares in the Offer subject to applicable law. See Section 1 and 14 of the Offer to Purchase.

We are the holder of record (directly or indirectly) of Shares held for your account. As such, we are the only ones who can tender your Shares, and then only pursuant to your instructions. **We are sending you the Letter of Transmittal for your information only. You cannot use it to tender Shares we hold for your account.**

Please instruct us, by completing the attached Instruction Form, as to whether you wish us to tender all or a portion of the Shares we hold for your account on the terms and subject to the conditions of the Offer.

Please note the following:

1. **YOU MAY TENDER ALL OR A PORTION OF YOUR SHARES. YOU ALSO MAY CHOOSE NOT TO TENDER ANY OF YOUR SHARES.**
2. If you want to tender Shares, you may tender your Shares at a price not less than \$8.50 nor greater than \$9.25 per Share or at the Purchase Price determined pursuant to the Offer, as indicated in the attached Instruction Form, net to the seller in cash, less any applicable withholding taxes and without interest. Tendering Shares by a Purchase Price Tender will maximize the likelihood of having the Company purchasing all of the Shares tendered by you (subject to the possibility of proration). You should understand that this election may lower the Purchase Price paid for all purchased Shares in the Offer and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.
3. **You cannot instruct us to tender the same Shares (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price.**
4. The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. The Offer is, however, subject to a number of other conditions. See Section 6, "*Conditions of the Offer*", of the Offer to Purchase.
5. The Offer, the proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Tuesday, December 1, 2015, unless the Offer is extended or withdrawn.
6. You should consult with us as to whether any charges will apply as a result of your instruction to us to tender your Shares on your behalf.

7. If you are an Odd Lot Holder (as such term is defined in Section 1, “*Number of Shares; Purchase Price; Proration*”, of the Offer to Purchase) and you instruct us to tender on your behalf all of the Shares that you own at or below the Purchase Price prior to the Expiration Time and check the box captioned “Odd Lot” on the attached Instruction Form, the Company, on the terms and subject to the conditions of the Offer, will accept all such Shares for payment before any proration of the purchase of other tendered Shares.
8. Any tendering stockholder who fails to complete, sign and return to the Depository the IRS Form W-9 included with the Letter of Transmittal (or such other Internal Revenue Service form as may be applicable) may be subject to U.S. federal backup withholding on the gross proceeds paid to the stockholder pursuant to the Offer, unless such stockholder establishes that it is exempt from U.S. federal backup withholding. See Section 3, “*Procedures for Tendering Shares*”, of the Offer to Purchase.
9. The Purchase Price will be paid net to the tendering stockholders in cash, less any applicable withholding taxes and without interest, for all Shares purchased. Tendering stockholders who hold Shares registered in their own name and who tender their Shares directly to the Depository will not be obligated to pay brokerage commissions, solicitation fees or, except as set forth in the Offer to Purchase, stock transfer taxes on the purchase of Shares by the Company in the Offer.

If you wish to have us tender all or a portion of your Shares, please so instruct us by completing, executing, detaching and returning to us the attached Instruction Form. An envelope to return your Instruction Form to us is enclosed.

Your prompt action is requested. Your Instruction Form should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the Expiration Time. Please note that the Offer, the proration period and withdrawal rights will expire at 5:00 p.m., New York City time, on Tuesday, December 1, 2015, unless the Offer is extended or withdrawn.

This Offer is being made solely under the Offer to Purchase the related Letter of Transmittal, and any amendments or supplements thereto, and is being made to all holders of the Company’s Shares. The Company is not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If the Company becomes aware of any jurisdiction where the making of the Offer or the acceptance of Shares pursuant to the Offer is not in compliance with any valid applicable law, the Company will make a good faith effort to comply with the applicable law. If, after such good faith effort, the Company cannot comply with the applicable law, the Offer will not be made to, nor will tenders be accepted from or on behalf of, stockholders residing in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company’s behalf by the Dealer Manager (as described in Section 16, “*Miscellaneous*”, of the Offer to Purchase) or by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

ALTHOUGH THE COMPANY’S BOARD OF DIRECTORS HAS AUTHORIZED THE OFFER, NONE OF THE COMPANY, THE COMPANY’S BOARD OF DIRECTORS, THE DEALER MANAGER (AS DEFINED IN THE OFFER TO PURCHASE), THE DEPOSITARY (AS DEFINED IN THE OFFER TO PURCHASE), OR THE INFORMATION AGENT (AS DEFINED IN THE OFFER TO PURCHASE), HAS MADE, OR IS MAKING, ANY RECOMMENDATION TO YOU AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING YOUR SHARES OR AS TO THE PRICE OR PRICES AT WHICH YOU MAY CHOOSE TO TENDER YOUR SHARES. YOU MUST MAKE YOUR OWN DECISION AS TO WHETHER TO TENDER YOUR SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH YOU WILL TENDER THE SHARES. IN DOING SO, YOU SHOULD READ CAREFULLY THE INFORMATION INCLUDED OR INCORPORATED BY REFERENCE IN THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL, INCLUDING THE PURPOSES AND EFFECTS OF THE OFFER. YOU ARE URGED TO DISCUSS YOUR DECISION WITH YOUR BROKER AND/OR FINANCIAL OR TAX ADVISOR.

INSTRUCTIONS FORM

**With Respect to the Offer by
THERAVANCE, INC.
to Purchase for Cash Up to \$75,000,000 of Shares
of its Common Stock, Par Value \$0.01 Per Share,
at a Purchase Price Not Less Than \$8.50 Nor Greater Than \$9.25 Per Share**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated October 30, 2015, and the related Letter of Transmittal (which, as they may be supplemented or amended from time to time, together constitute the "Offer") in connection with Theravance's offer to purchase shares of its common stock, \$0.01 par value (the "Shares"), for an aggregate purchase price of up to \$75,000,000, pursuant to (i) auction tenders at prices specified by the tendering stockholders of not less than \$8.50 nor greater than \$9.25 per Share ("Auction Tenders") or (ii) purchase price tenders ("Purchase Price Tenders"), in either case, net to the seller in cash, less any applicable withholding taxes and without interest, upon the terms and subject to the conditions described in the Offer, receipt of which is hereby acknowledged. All capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Offer to Purchase.

This Instructions Form will instruct you to tender to Theravance the number of Shares indicated below or, if no number is indicated below, all Shares which are beneficially owned by (us) (me) and registered in your name, upon the terms and subject to the conditions set forth in the Offer.

NUMBER OF SHARES BEING TENDERED HEREBY: _____ SHARES (Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered)

CHECK ONLY ONE BOX.

PURCHASE PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED PURSUANT TO THE OFFER

(See Instruction 5 of the Letter of Transmittal)

- The undersigned wishes to maximize the chance of having the Company purchase all the Shares the undersigned is tendering (subject to the possibility of proration). Accordingly, by checking this ONE box INSTEAD OF ONE OF THE PRICE BOXES BELOW, the undersigned hereby tenders Shares and is willing to accept the Purchase Price determined by the Company pursuant to the Offer. Note that this election is deemed to tender Shares at the minimum Purchase Price under the offer of \$8.50 per Share for purposes of determining the Purchase Price in the Offer and could result in the Purchase Price to be lower and could result in the tendered Shares being purchased at the minimum price of \$8.50 per Share.

— OR —

AUCTION PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED BY STOCKHOLDER

(See Instruction 5 of the Letter of Transmittal)

By checking ONE of the boxes below INSTEAD OF THE BOX ABOVE, the undersigned hereby tenders Shares at the price checked. This action could result in none of the Shares being purchased if the Purchase Price for the Shares is less than the price checked. If the Purchase Price for the Shares is equal to or greater than the price checked, then the Shares purchased by the Company will be purchased at the Purchase Price. A stockholder who wishes to tender Shares at more than one price must complete a separate Instructions Form for each price at which Shares are being tendered. The same Shares cannot be tendered (unless previously validly withdrawn in accordance with the terms of the Offer) at more than one price.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

<input type="checkbox"/> \$8.50	<input type="checkbox"/> \$8.55	<input type="checkbox"/> \$8.60	<input type="checkbox"/> \$8.65	<input type="checkbox"/> \$8.70
<input type="checkbox"/> \$8.75	<input type="checkbox"/> \$8.80	<input type="checkbox"/> \$8.85	<input type="checkbox"/> \$8.90	<input type="checkbox"/> \$8.95
<input type="checkbox"/> \$9.00	<input type="checkbox"/> \$9.05	<input type="checkbox"/> \$9.10	<input type="checkbox"/> \$9.15	<input type="checkbox"/> \$9.20
<input type="checkbox"/> \$9.25				

ODD LOTS

(See Instruction 12 of the Letter of Transmittal)

As described in Section 1 of the Offer to Purchase, under certain conditions, stockholders holding fewer than 100 Shares may have their Shares accepted for payment before any proration of other tendered Shares. This preference is not available to partial tenders, or to beneficial or record holders of an aggregate of 100 or more Shares, even if such holders have separate accounts or certificates representing fewer than 100 Shares. Accordingly, this section is to be completed ONLY if Shares are being tendered by or on behalf of a person owning, beneficially or of record, an aggregate of fewer than 100 Shares. The undersigned either (check one box):

- owns, whether beneficially or of record, an aggregate of fewer than 100 Shares and is tendering all such Shares; or
- is a broker, dealer, commercial bank, trust company, or other nominee that (i) is tendering for the beneficial owner(s), Shares with respect to which it is the record holder, and (ii) believes, based upon representations made to it by the beneficial owner(s), that each such person is the beneficial owner of an aggregate of fewer than 100 Shares and is tendering all such Shares.

SIGN HERE

Name(s) of Record Holder(s):

(Please Type or Print)

Address(es):

(Include Zip Code)

Daytime Area Code and Telephone Number:

Number of Shares (and Certificate No(s), if available):

Taxpayer Notification or Social Security Number:

Date:

Signature(s):

QuickLinks

[INSTRUCTIONS FORM](#)

[With Respect to the Offer by THERAVANCE, INC. to Purchase for Cash Up to \\$75,000,000 of Shares of its Common Stock, Par Value \\$0.01 Per Share, at a Purchase Price Not Less Than \\$8.50 Nor Greater Than \\$9.25 Per Share](#)

[CHECK ONLY ONE BOX. PURCHASE PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED PURSUANT TO THE OFFER \(See Instruction 5 of the Letter of Transmittal\)](#)

[AUCTION PRICE TENDERS: SHARES TENDERED AT A PRICE DETERMINED BY STOCKHOLDER \(See Instruction 5 of the Letter of Transmittal\)](#)

[PRICE \(IN DOLLARS\) PER SHARE AT WHICH SHARES ARE BEING TENDERED](#)

[ODD LOTS \(See Instruction 12 of the Letter of Transmittal\)](#)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares (as defined below). The Offer (as defined below) is made solely by the Offer to Purchase, dated October 30, 2015, and the related Letter of Transmittal, as they may be amended or supplemented from time to time, and the information contained therein is incorporated herein by reference. The Company (as defined below) is not aware of any jurisdiction where the making of the Offer is not in compliance with applicable law. If the Company becomes aware of any jurisdiction where the making of the Offer or the acceptance of Shares pursuant to the Offer is not in compliance with any valid applicable law, the Company will make a good faith effort to comply with the applicable law. If, after such good faith effort, the Company cannot comply with the applicable law, the Offer will not be made to, nor will tenders be accepted from or on behalf of, stockholders residing in such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company's behalf by the Dealer Manager (as defined below) or by one or more registered brokers or dealers licensed under the laws of that jurisdiction.

Notice of Offer to Purchase for Cash
by
Theravance, Inc.
of
Up to \$75,000,000 of Shares of its Common Stock
At a Purchase Price of Not Less Than \$8.50 Nor Greater Than \$9.25 Per Share

Theravance, Inc., a Delaware corporation (the "Company"), hereby announces its offer to purchase for cash shares of its common stock, par value \$0.01 per share ("Shares"), having an aggregate purchase price of up to \$75,000,000, pursuant to (i) auction tenders at prices specified by the tendering stockholders of not less than \$8.50 nor greater than \$9.25 per Share ("Auction Tenders") or (ii) purchase price tenders ("Purchase Price Tenders"), net to the seller in cash, less any applicable withholding taxes and without interest, on the terms and subject to the conditions described in the Offer to Purchase and the related Letter of Transmittal, which, together with any amendments or supplements thereto, collectively constitute the "Offer".

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON TUESDAY, DECEMBER 1, 2015, UNLESS THE OFFER IS EXTENDED OR WITHDRAWN (SUCH DATE AND TIME, AS THEY MAY BE EXTENDED, THE "EXPIRATION TIME").

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION, AND STOCKHOLDERS SHOULD CAREFULLY READ BOTH IN THEIR ENTIRETY BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER. STOCKHOLDERS MAY TENDER ALL OR A PORTION OF THEIR SHARES. STOCKHOLDERS ALSO MAY CHOOSE NOT TO TENDER ANY OF THEIR SHARES.

ALTHOUGH THE COMPANY'S BOARD OF DIRECTORS HAS AUTHORIZED THE OFFER, NONE OF THE COMPANY, THE COMPANY'S BOARD OF DIRECTORS, THE DEALER MANAGER, THE DEPOSITARY OR THE INFORMATION AGENT (EACH AS DEFINED IN THE OFFER TO PURCHASE) HAS MADE, OR IS MAKING, ANY RECOMMENDATION TO STOCKHOLDERS AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING THEIR SHARES OR AS TO THE PRICE OR PRICES AT WHICH STOCKHOLDERS MAY CHOOSE TO TENDER THEIR SHARES. STOCKHOLDERS MUST MAKE THEIR OWN DECISION AS TO WHETHER TO TENDER THEIR SHARES, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH THEY MAY CHOOSE TO TENDER THEM. STOCKHOLDERS ARE URGED TO DISCUSS THEIR DECISION WITH THEIR BROKER AND/OR FINANCIAL OR TAX ADVISOR.

The Offer is not conditioned upon the receipt of financing or any minimum number of Shares being tendered. The Offer is, however, subject to a number of other conditions set forth in Section 6, "Conditions of the Offer", of the Offer to Purchase.

On October 28, 2015, the Company announced that its Board of Directors approved the acceleration of its capital return plan with a new share repurchase program, which provides for the repurchase of up to \$150,000,000 of Shares through the end of 2016. The Offer is a component of this program.

In accordance with the instructions to the Letter of Transmittal, stockholders wishing to tender Shares may specify (1) whether Shares are tendered pursuant to an Auction Tender or a Purchase Price Tender and (2) if an Auction Tender is made, the price, not less than \$8.50 nor greater than \$9.25 per Share (in increments of \$0.05), at which they are willing to sell their Shares to the Company in the Offer. Promptly after the Expiration Time, assuming the conditions of the Offer have been satisfied or waived, the Company will determine, upon the terms of the Offer, a single price per Share (the "Purchase Price"), which will be not less than \$8.50 nor greater than \$9.25 per Share, that it will pay for Shares validly tendered in the Offer and not validly withdrawn prior to the Expiration Time, taking into account the number of Shares tendered pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by stockholders tendering Shares pursuant to Auction Tenders. The Purchase Price will be the lowest price per Share (in increments of \$0.05) of not less than \$8.50 nor greater than \$9.25 per Share at which Shares have been validly tendered and not validly withdrawn having an aggregate purchase price of up to \$75,000,000. Only Shares validly tendered at prices at or below the Purchase Price, and not validly withdrawn, will be eligible for purchase in the Offer. Shares validly tendered pursuant to an Auction Tender at a price specified in the Auction Tender that is greater than the Purchase Price will not be purchased. All Shares purchased in the Offer will be purchased at the same Purchase Price regardless of whether the stockholder tendered at a price lower than the Purchase Price. However, because of the "odd lot" priority and proration provisions described in the Offer to Purchase, all of the Shares tendered at or below the Purchase Price may not be purchased if Shares having an aggregate purchase price in excess of \$75,000,000 are validly tendered and not validly withdrawn. Shares tendered but not purchased pursuant to the Offer will be returned promptly following the Expiration Time. The Company will not accept Shares subject to conditional tenders, such as acceptance of all or none of the Shares tendered by any tendering stockholder.

The Shares are listed on The NASDAQ Global Select Stock Market ("NASDAQ") under the symbol "THRX". As of October 28, 2015, the last trading day before the Company announced its intention to make the Offer (the "Announcement Date"), the Company had 117,425,815 Shares issued and outstanding. At the maximum price of \$9.25 per Share, the Company could purchase approximately 8,108,108 Shares if the Offer is fully subscribed, which would represent approximately 6.90% of the issued and outstanding Shares as of the Announcement Date. At the minimum price of \$8.50 per Share, the Company could purchase approximately 8,823,529 Shares if the Offer is fully subscribed, which would represent approximately 7.51% of the issued and outstanding shares as of the Announcement Date.

The Company intends to fund the purchase of Shares accepted for payment pursuant to the Offer, and all related fees and expenses, from available cash and cash equivalents.

Upon the terms and subject to the conditions of the Offer, if the number of Shares validly tendered at or below the Purchase Price and not validly withdrawn prior to the Expiration Time would result in an aggregate purchase price of more than \$75,000,000:

- *first*, the Company will purchase all Odd Lots (as defined in the Offer to Purchase) of less than 100 Shares at the Purchase Price from stockholders who validly tender all of their Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time (tenders of less than all of the Shares owned, beneficially or of record, by such Odd Lot Holders (as defined in the Offer to Purchase) will not qualify for this preference), and
- *second*, after purchasing all the Odd Lots that were validly tendered at or below the Purchase Price (including Shares tendered by Purchase Price Tender), the Company will purchase Shares at the Purchase Price from all other stockholders who validly tender Shares at or below the Purchase Price (including Shares tendered by Purchase Price Tender) and who do not validly withdraw them before the Expiration Time, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional Shares, until the Company has acquired Shares having an aggregate purchase price of \$75,000,000 (or such greater value of Shares as the Company may elect to purchase, subject to applicable law).

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Therefore, the Company may not purchase all of the Shares that a shareholder tenders even if the shareholder tenders them at or below the Purchase Price or by Purchase Price Tender.

In addition, in the event that Shares are validly tendered at or below the Purchase Price (and not validly withdrawn) having an aggregate purchase price of more than \$75,000,000, the Company may exercise its right to purchase up to an additional 2% of its outstanding Shares without extending the Expiration Time. The Company also expressly reserves the right, in its sole discretion, to amend the Offer to purchase more than \$75,000,000 of Shares in the Offer, subject to applicable law.

Stockholders wishing to tender their Shares must follow the procedures set forth in Section 3, “*Procedures for Tendering Shares*”, of the Offer to Purchase and in the related Letter of Transmittal. Stockholders wishing to tender their Shares but who are unable to deliver them physically or by book-entry transfer prior to the Expiration Time, or who are unable to make delivery of all required documents to the Depository prior to the Expiration Time, may tender their Shares by complying with the procedures set forth in the Offer to Purchase for tendering by Notice of Guaranteed Delivery.

Odd Lot Holders who hold Shares registered in their names and tender their Shares directly to Computershare Trust Company, N.A., the depository for the Offer (the “*Depository*”), and whose Shares are purchased pursuant to the Offer will avoid any applicable odd lot discounts that might be payable on sales of their Shares. However, if a stockholder owns Shares through a broker, dealer, commercial bank, trust company or other nominee and such nominee tenders such Shares on the stockholder’s behalf, the nominee may charge the stockholder a fee for doing so. Stockholders should consult their brokers, dealers, commercial banks, trust companies or other nominees to determine whether any charges will apply.

For purposes of the Offer, the Company will be deemed to have accepted for payment, subject to “odd lot” priority and proration, Shares that are validly tendered at or below the Purchase Price and not validly withdrawn, only when, as and if the Company gives oral or written notice to Computershare Trust Company, N.A., as Depository for the Offer, of its acceptance of the Shares for payment pursuant to the Offer.

The Company will publicly announce the preliminary results of the Offer, including the Purchase Price and any expected proration, promptly after the Expiration Time, and the Company will publicly announce the final results of the Offer promptly after they are determined. In the event of proration, the Depository will determine the proration factor and pay for those tendered Shares accepted for payment promptly after the final results are determined.

The Company will pay for Shares accepted pursuant to the Offer by depositing the aggregate purchase price in cash, less any applicable withholding taxes and without interest, with the Depository, which will act as stockholders’ agent for the purpose of receiving payments from the Company and transmitting such payments to stockholders. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after (a) timely receipt by the Depository of a properly completed and duly executed Letter of Transmittal (or a manually signed photocopy of the Letter of Transmittal), including any required signature guarantees, or an Agent’s Message (as defined in the Offer to Purchase) in lieu of the Letter of Transmittal, certificates representing such Shares or a book-entry transfer of such Shares and any other documents required by the Letter of Transmittal, including documents required pursuant to the guaranteed delivery procedures, and (b) solely with respect to tenders through the Automated Tender Offer Program (“*ATOP*”) procedures of The Depository Trust Company (“*DTC*”), a timely confirmation of the book-entry transfer of the Shares into the Depository’s account at DTC.

If any tendered Shares are not purchased, or if less than all Shares evidenced by a stockholder’s certificates are tendered, certificates for unpurchased Shares will be returned promptly after the Expiration Time or the valid withdrawal of the Shares, or, in the case of Shares tendered by book-entry transfer at DTC, the Shares will be credited to the appropriate account maintained by the tendering stockholder at DTC, in each case at the Company’s expense.

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Subject to the applicable rules and regulations of the Securities and Exchange Commission, the Company expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares. Notice of any such extension will be distributed promptly to stockholders in a manner reasonably designed to inform them of such change in compliance with Rule 13e-4(e)(3) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). In the case of an extension of the Offer, such extension will be followed by a press release or other public announcement which will be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time, in accordance with Rule 14e-1(d) under the Exchange Act.

Shares tendered in the Offer may be withdrawn at any time prior to the Expiration Time. In addition, unless the Company has already accepted tendered Shares for payment, stockholders may withdraw their tendered Shares at any time at or after 11:59 p.m., New York City time, on December 29, 2015. For a withdrawal to be effective, a written notice of withdrawal must be received in a timely manner by the Depository at its address or facsimile number set forth on the back cover of the Offer to Purchase, and any notice of withdrawal must specify the name of the tendering stockholder, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from the person who tendered the Shares. A stockholder who has tendered Shares at more than one price must complete a separate notice of withdrawal for Shares tendered at each price or a combined notice of withdrawal specifying the Shares. If Shares have been tendered by a broker, dealer, commercial bank, trust company or other nominee on behalf of a client or an institution participating in DTC in accordance with DTC’s ATOP system, for a withdrawal to be effective, such participant must comply with DTC’s procedures for withdrawal of tenders. If the certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, before the release of those certificates, the tendering

stockholder also must submit the serial numbers shown on those particular certificates for Shares to be withdrawn and, unless an Eligible Institution (as defined in the Offer to Purchase) has tendered those Shares, the signatures(s) on the notice of withdrawal must be guaranteed by an Eligible Institution.

All questions as to the number of Shares to be accepted, the Purchase Price to be paid for Shares to be accepted and the validity, form, eligibility (including time of receipt), and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, and such determination will be final and binding on all parties, subject to such Offer participants disputing such determination in a court of competent jurisdiction. The Company expressly reserves the absolute right to reject any or all tenders of any Shares that it determines are not in proper form or the acceptance for payment of or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right, subject to applicable law, to waive any of the conditions of the Offer on or prior to the Expiration Time with respect to all tendered Shares. The Company also reserves the absolute right to waive any defect or irregularity in any tender with respect to any particular Shares, whether or not the Company waives similar defects or irregularities in the case of any other stockholder. No tender of Shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by the Company. The Company will not be liable for failure to waive any condition of the Offer, or any defect or irregularity in any tender of Shares. None of the Company, the Dealer Manager, the Depositary, the Information Agent or any other person will be obligated to give notice of any defects or irregularities in tenders, nor will any of them incur any liability for failure to give any such notice.

The receipt of cash for a stockholder's tendered Shares will generally be treated for U.S. federal income tax purposes either as (1) a sale or exchange eligible for capital gain or loss treatment or (2) a distribution in respect of stock from the Company. **The Company recommends that stockholders consult with their broker and/or financial or tax advisor with respect to their particular situation.** See Section 12, "Certain U.S. Federal Income Tax Consequences", of the Offer to Purchase.

The purchase of Shares pursuant to the Offer will result in a reduction of the Company's stockholders' equity in an amount equal to the aggregate purchase price of the Shares the Company purchases and a corresponding reduction in cash and cash equivalents.

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The Offer to Purchase and the related Letter of Transmittal contain important information that stockholders should read carefully before they make any decision with respect to the Offer. The Offer to Purchase and related Letter of Transmittal will be mailed to record holders of the Shares and will be furnished to brokers, dealers, commercial banks, trust companies and other nominees whose names, or the names of whose nominees, appear on the Company's stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

The information required to be disclosed by Rule 13e-4(d)(1) promulgated under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Company's Board of Directors has determined that the Offer is a prudent use of the Company's financial resources and represents an efficient mechanism to provide stockholders with the opportunity to tender all or a portion of their Shares and thereby receive a return of some or all of their investment if they so elect. In particular, the Company's Board of Directors believes the "modified Dutch auction" tender offer set forth in the Offer to Purchase provides stockholders with an opportunity to obtain liquidity with respect to all or a portion of their Shares without the usual transaction costs inherent in open market sales (e.g., brokerage commissions, solicitation fees and stock transfer taxes) and is consistent with the goal of stockholder value creation. **If a stockholder holds Shares through a broker, dealer, bank, trust company or other nominee stockholder, the Company urges that stockholder to consult such nominee to determine whether any transaction costs are applicable.** Stockholders who choose not to tender their Shares will own a greater percentage ownership of outstanding Shares following the consummation of the Offer. In addition, stockholders who retain an equity interest in the Company as a result of a partial tender of Shares or proration also may own a greater percentage ownership of the Company's outstanding Shares following the consummation of the Offer. The Company also expects that the Offer, if completed, will be accretive to currently projected earnings per share, although there can be no assurance of this. The Company believes that it will have adequate cash generating capacity, and it expects that its current cash balances, anticipated cash flows from operations, borrowing capacity and incremental debt issuances, if any, will exceed its capital requirements for normal operations, capital expenditures and acquisitions and other opportunities for growth that may arise.

Questions and requests for assistance by retail stockholders may be directed to Georgeson Inc., the information agent for the Offer (the "Information Agent") at the telephone numbers and address set forth below. As described in the Offer to Purchase, questions and requests for assistance by institutional stockholders may be directed to Evercore Group L.L.C., the dealer manager for the Offer. Stockholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

Additional copies of the Offer to Purchase, the Letter of Transmittal and other offer documents may be requested from the Information Agent at the telephone numbers and address set forth below. The Information Agent will promptly furnish to stockholders additional copies of these materials at the Company's expense.

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The Depositary for the Offer is:



By Registered, Certified or Express Mail:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
P.O. Box 43011
Providence, RI 02940

By Overnight Courier:

Computershare Trust Company, N.A.
c/o Voluntary Corporate Actions
250 Royall Street, Suite V
Canton, MA 02021

Facsimile (for withdrawals only): (617) 360-6810

The Information Agent for the Offer Is:

Georgeson

480 Washington Blvd., 26th Floor
Jersey City, NJ 07310
Banks, Brokers and Stockholders
Call Toll-Free: (866) 297-1410
Or Contact via E-mail at theravance@georgeson.com

The Dealer Manager for the Offer is:

EVERCORE

Evercore Group L.L.C.
Attention: Equity Capital Markets
55 East 52nd Street, 36th Floor
New York, NY 10055
Call Toll-Free: (877) 993-2673
Direct: (212) 849-3486
Or Contact via E-mail at ECM_Prospectus@evercoreisi.com

October 30, 2015



Theravance, Inc. Announces Commencement of Self-Tender Offer for up to \$75,000,000 of Its Common Stock

SOUTH SAN FRANCISCO, Calif., October 30, 2015 — Theravance, Inc. (NASDAQ: THRX) today announced that it is commencing its previously announced “modified Dutch auction” tender offer for up to \$75,000,000 of its common stock at a price per share not less than \$8.50 and not greater than \$9.25. The tender offer will expire at 5:00 P.M., New York City time, on Tuesday, December 1, 2015, unless extended by the company. Tenders of shares must be made on or prior to the expiration of the tender offer and may be withdrawn at any time prior to the expiration of the tender offer, in each case, in accordance with the procedures described in the tender offer materials.

A “modified Dutch auction” tender offer allows stockholders to indicate how many shares and at what price within Theravance’s specified range they wish to tender. Based on the number of shares tendered and the prices specified by the tendering stockholders, the company will determine the lowest price per share within the specified range that will enable the company to purchase shares having an aggregate purchase price of up to \$75,000,000. Upon the terms and subject to the conditions of the tender offer, if shares having an aggregate purchase price of less than \$75,000,000 are validly tendered and not validly withdrawn, the company will buy all shares validly tendered and not validly withdrawn, subject to the satisfaction, in Theravance’s reasonable judgment, or waiver of the conditions to the tender offer. The company also reserves the right, in the event that more than \$75,000,000 of its shares are tendered in the tender offer at or below the purchase price, to purchase up to an additional 2% of its shares outstanding without extending the tender offer. All shares purchased by the company in the tender offer will be purchased at the same price. Stockholders whose shares are purchased in the tender offer will be paid the determined purchase price in cash, less any applicable withholding taxes and without interest, after the expiration of the tender offer.

Theravance expects to fund the purchase of shares in the tender offer with existing cash and cash equivalents. The tender offer will not be conditioned upon any minimum number of shares being tendered, but will be subject to certain other conditions as indicated in the Offer to Purchase.

The complete terms and conditions of the tender offer are contained in the Offer to Purchase and the related Letter of Transmittal which are expected to be mailed to stockholders shortly.

Evercore Group L.L.C. will serve as the dealer manager for the tender offer. Georgeson Inc. will serve as information agent for the tender offer, and Computershare Inc. will serve as the depositary for the tender offer.

None of Theravance, its board of directors, the dealer manager, the information agent or the depositary makes any recommendation as to whether to tender shares or as to the price or prices at which to tender them. Stockholders will be able to obtain copies of the Offer to Purchase, the Letter of Transmittal and the other offer materials filed by the company as part of the Tender Offer Statement on Schedule TO and other documents filed with the Securities and Exchange Commission through the SEC’s internet address at www.sec.gov without charge when these documents become available. Stockholders and investors may also obtain a copy of these documents, as well as any other documents the company has filed with the SEC, without charge, from the information agent, Georgeson Inc., by calling (866) 297-1410 (toll-free) or emailing theravance@georgeson.com. Stockholders are urged to carefully read these materials prior to making any decision with respect to the tender offer. Stockholders and investors who have questions or need assistance may call Evercore Group L.L.C. at (877) 993-2673 (toll-free) or (212) 849-3486 or Georgeson Inc. at (866) 297-1410 (toll-free).

Information Regarding the Tender Offer

This press release 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 solicitation and offer to buy the company’s common stock will only be made pursuant to the Offer to Purchase and the Letter of Transmittal that will be sent to the company’s stockholders. Stockholders and investors are urged to read the company’s Tender Offer Statement on Schedule TO, the Offer to Purchase, the related Letter of Transmittal and the 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, including various terms and conditions of the tender offer.

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.

Forward Looking Statements

This press release contains certain “forward-looking” statements. 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, amount and planned growth of anticipated potential capital returns to stockholders (including, without limitation, statements regarding the company’s expectations of future share purchases 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; projections of revenue, expenses and other financial items; and risks related to the implementation of our share repurchase program as currently contemplated. These statements are based on the current estimates and assumptions of the management of Theravance 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 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.

(THR-X-F)

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