

**Theravance, Inc. Addendum to Conflict of Interest Policy  
with Regard to Theravance Biopharma, Inc. Matters**

Upon the spin-off of Theravance Biopharma, Inc. (“TBPH”) from Theravance, Inc. (“THRX” or the “Company”), it is expected that Rick Winningham will remain the Chief Executive Officer and a director of both THRX and TBPH. Mr. Winningham is expected to work part time for THRX and part time for TBPH following the spin-off and this dual officer arrangement is expected to last until the recruitment of a new chief executive officer for the Company (at which time Mr. Winningham is expected to become a full-time employee of TBPH) and this dual director arrangement is expected to last for a limited period following the transition of a new chief executive officer for the Company. In addition, it is also expected that other executive officers of THRX will be recruited to join TBPH after the spin-off when appropriate replacements for their roles and responsibilities can be hired or otherwise retained.

Being a dual officer and dual director of THRX and TBPH and being an officer of THRX while negotiating employment terms with TBPH or having accepted future employment at TBPH creates the potential for conflicts of interest with respect to matters or transactions between THRX and TBPH since the interests of one company may conflict with the interests of the other company. While the Company’s Code of Business Conduct directs that conflicts of interest should be avoided, the THRX Board of Directors has determined that these dual officer and director arrangements are justified under the circumstances because (i) the Company will benefit from the continued assistance on a transitional basis from these officers and director, (ii) the likelihood of a material conflict of interest during the transition period is low and (iii) any conflict of interest can be adequately managed by adherence to the Company’s governance policies and procedures, including the following:

1. The Company’s existing Conflict of Interest Policy provides that all potential conflicts of interest involving officers and directors must be promptly and fully disclosed to the Chairman of the Nominating/Corporate Governance Committee and then considered by the full THRX Board. During the time that there is a dual officer or director of the Company and TBPH, the Company’s policy is modified to provide that the Audit Committee (which Committee shall have no directors serving as a director of the TBPH board of directors nor as an employee of or consultant to TBPH) (the “Committee”) shall consider conflict of interest matters involving TBPH without having to refer the matters to the full THRX Board, though the Committee shall be able to refer matters to the full THRX Board in its discretion.

2. Pursuant to the existing Conflict of Interest Policy, all Company officers and employees will be reminded of their reporting obligations with regard to any actual or potential conflicts of interest involving TBPH.

3. The Committee shall review any matter or transaction involving an actual or potential conflict of interest between the Company and TBPH and, in conducting such review, shall seek to obtain such information as it deems relevant for purposes of such review and consult with such independent advisors (including independent counsel) as it deems appropriate.

4. The Committee may, if it chooses, discuss matters or transactions involving an actual or potential conflict of interest between the Company and TBPH with the officer or director that has or may have a conflict of interest. If any such officer or director has received confidential information of another party (including TBPH) relevant to the review of such matter or transaction which he or she is not permitted to disclose to THRX, he or she shall disclose that fact to the Committee so it can take that into account in assessing such person’s comments with respect to the matter or transaction. Under no

circumstance shall any officer or director be required to disclose such information in violation of his or her confidentiality obligation to TBPH or such other party.

5. Except as requested by the Committee, each director and/or officer of the Company with an actual or potential conflict of interest shall, after reporting such conflict to the Committee as described above, recuse himself or herself from consideration by the Committee or the THRX Board of any matter or transaction involving an actual or potential conflict of interest between the Company and TBPH and any matter or transaction where he or she is in possession of confidential information of another party relevant to such matter or transaction that he or she is not permitted to disclose to the Committee or to the THRX Board, as the case may be.

6. If any actual or potential conflict of interest exists between an officer's or director's duties to THRX, on the one hand, and TBPH, on the other hand, such officer or director shall not take any action on behalf of THRX with respect to such conflict or any related matter except as approved in advance by the Committee or the THRX Board; provided, however, that other officers of the Company that do not have conflicts of interest may act on any matter otherwise within their line of authority and which is within the Company's ordinary course of business without prior Committee or THRX Board action unless prohibited by the Committee or the THRX Board from so acting.