

January 6, 2003

Theravance and GlaxoSmithKline Form Alliance to Develop Next-Generation Respiratory Medicines

SOUTH SAN FRANCISCO, CA and LONDON, UK

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Theravance, Inc. and GlaxoSmithKline plc (LSE & NYSE: GSK) announced today that they have formed an alliance to develop and commercialize novel medicines containing long-acting Beta2 agonists (LABA) for the treatment of respiratory diseases, such as asthma and chronic obstructive pulmonary disease. This alliance will develop novel compounds, which can be administered once daily, improving on current generation LABAs.

Under the terms of the agreement the LABA compounds from GSK and Theravance will be pooled for development and eventual commercialization. A joint steering committee will be formed to optimize the development of the compounds and their time to market. GSK will have the responsibility to develop and commercialize one or more of the pooled compounds for use as a single agent and/or in combination medicines, utilizing GSK's proprietary drug delivery technology. GSK will have exclusive, worldwide manufacturing and commercialization rights. Two of these compounds have already entered Phase I studies.

Theravance will receive an initial \$50 million from GSK, consisting of payment for an issuance of Preferred stock in Theravance and an upfront payment. Theravance will also receive clinical, regulatory and commercial milestone payments. Based on the continued successful development and commercialization of its compounds in the pool as single agents and/or in combination medicines, these payments could range up to \$495 million, of which \$150M is attributable to the compounds reaching certain sales thresholds. In addition, Theravance will receive double-digit royalties on product sales of medicines containing any compound in the pool, regardless of the compound's origin.

GSK will receive regulatory and commercial milestone payments based on GSK's compounds reaching approval and launch.

"This collaboration will help us to maintain our leadership role in the respiratory field. We are eager to develop the compounds pooled by Theravance and ourselves with the objective of providing the next generation of respiratory medicines," said Tachi Yamada, Chairman, Research and Development, GSK.

"Our alliance with GSK represents an innovative collaborative approach," said Rick E Winningham, CEO of Theravance. "By combining the respiratory formulation, development and commercialization expertise of GSK with Theravance's unique ability to discover and develop best-in-class medicines utilizing our multivalent approach, the two companies can create medicines that make a difference by improving patient outcomes for people who suffer from asthma or COPD. Our collaboration demonstrates the value of Theravance's approach to the discovery and exploratory development of novel, superior medicines; an approach we are also applying across a number of therapeutic areas."

Theravance is a privately-held pharmaceutical company dedicated to utilizing its proprietary multivalent technology to discover, develop and market best-in-class medicines for a wide variety of serious medical conditions. Since its inception, Theravance has implemented an integrated model of drug discovery and exploratory development and applied its multivalent approach to create an impressive pipeline of clinical and pre-clinical compounds across diverse therapeutic areas. For more information, please visit the company's web site at www.Theravance.com.

GlaxoSmithKline, one of the world's leading research-based pharmaceutical and healthcare companies, is committed to improving the quality of human life by enabling people to do more, feel better and live longer. For more information, please visit the company's web site at www.gsk.com.

Under the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995, GlaxoSmithKline cautions investors that any forward-looking statements or projections made by GSK, including those made in this announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Factors that may affect the Group's operations are described under Risk Factors in the Operating and Financial Review and Prospects in GlaxoSmithKline's Annual Report on Form 20-F for 2001.

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