

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 8-K**

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

Date of Report (Date of earliest event Reported): **November 29, 2010**

**THERAVANCE, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation)

**000-30319**

(Commission File Number)

**94-3265960**

(I.R.S. Employer Identification Number)

**901 Gateway Boulevard  
South San Francisco, California 94080  
(650) 808-6000**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On November 29, 2010, Theravance, Inc., a Delaware corporation (the "Company"), entered into a Common Stock Purchase Agreement (the "Common Stock Purchase Agreement") with Glaxo Group Limited, a limited liability company organized under the laws of England and Wales (the "Purchaser") and, solely with respect to certain enumerated sections therein, GlaxoSmithKline LLC, a Delaware limited liability company, the successor entity to SmithKline Beecham Corporation, a Pennsylvania corporation (which, together with the Purchaser, is referred to as "GSK"). Pursuant to the terms of the Common Stock Purchase Agreement, the Company has agreed to sell 5,750,000 shares of its common stock (the "Shares") to the Purchaser at a price of \$22.50 per share (the "Private Placement"). Upon completion of the Private Placement, GSK will own an aggregate of 15,151,499 shares of Company common stock and Class A common stock, which is equal to approximately 19% of the Company's outstanding capital stock. The foregoing is a summary of the terms of the Common Stock Purchase Agreement and is qualified in its entirety by reference to the Common Stock Purchase Agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On November 29, 2010, in connection with signing the Common Stock Purchase Agreement, the Company entered into a Second Amendment to Amended and Restated Governance Agreement with GlaxoSmithKline LLC, GlaxoSmithKline plc and the Purchaser (the "Second Amendment"). The Second Amendment provides that if the Company shall convert into voting stock the unsecured convertible subordinated notes issued by the Company in January 2008, then GlaxoSmithKline LLC shall have notice rights and a right to purchase additional shares of voting stock to maintain its percentage ownership interest before the conversion. The foregoing is a summary of the terms of the Second Amendment and is qualified in its entirety by reference to the Second Amendment, a copy of which is attached as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 3.02. Unregistered Sales of Equity Securities.**

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to an agreement to sell unregistered equity securities of the Company in a private placement is incorporated herein by reference. The Private Placement is scheduled to close on November 29, 2010. The Private Placement will result in aggregate gross proceeds of \$129,375,000 before deducting transaction expenses. Neither the Company nor the Purchaser engaged any investment advisors with respect to the Private Placement, and no finders' fees will be paid to any party in connection therewith. The Shares will be issued and sold by the Company in reliance upon an exemption from registration pursuant to Rule 4(2) of the Securities Act of 1933, as amended.

**Item 8.01. Other Events.**

On November 29, 2010, the Company and GlaxoSmithKline plc issued a joint press release announcing the signing of the Common Stock Purchase Agreement. A copy of the joint press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Common Stock Purchase Agreement, dated November 29, 2010, by and among Theravance, Inc., Glaxo Group Limited and GlaxoSmithKline LLC
10.2	Second Amendment to Amended and Restated Governance Agreement, dated November 29, 2010, which amends the Amended and Restated Governance Agreement dated June 4, 2004, as previously amended May 11, 2007, by and among Theravance, Inc., GlaxoSmithKline LLC and GlaxoSmithKline plc
99.1	Joint Press Release, dated November 29, 2010, issued by Theravance, Inc. and GlaxoSmithKline plc

2

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**SIGNATURE**

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

**THERAVANCE, INC.**

Dated: November 29, 2010

By: /s/ Bradford J. Shafer

**Bradford J. Shafer**

**Sr. Vice President, General Counsel and Secretary**

3

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## THERAVANCE, INC.

## COMMON STOCK PURCHASE AGREEMENT

November 29, 2010

1

TABLE OF CONTENTS

	<u>Page</u>
1. Purchase and Sale of Stock	3
1.1 Sale and Issuance of Common Stock	3
1.2 Closing	3
2. Representations and Warranties of the Company	4
2.1 Organization, Good Standing and Qualification	4
2.2 Capitalization and Voting Rights	4
2.3 Subsidiaries	4
2.4 Authorization	5
2.5 Valid issuance of Common Stock	5
2.6 Governmental Consents	5
2.7 Offering	5
2.8 Litigation	6
2.9 Patents and Trademarks	6
2.10 Compliance with Other Instruments	7
2.11 SEC Reports; Financial Statements	7
2.12 Related-Party Transactions	9
2.13 Permits	9
2.14 Disclosure	9
2.15 Corporate Documents	9
2.16 Title to Property and Assets	9
2.17 Tax Returns, Payments and Elections	9
2.18 Environmental Law	9
2.19 Proprietary Information and Employment Agreements	10
2.20 Registration Rights	10
2.21 Real Property Holding Corporation	10
2.22 Labor Agreements	10
2.23 Insurance	10
3. Representations and Warranties of the Investor	10
3.1 Authorization	10
3.2 Purchase Entirely for Own Account	11
3.3 Disclosure of Information	11
3.4 Investment Experience	11
3.5 Accredited Investor	11
3.6 Restricted Securities	11
3.7 Amended and Restated Governance Agreement	11
4. Conditions of Investor's Obligations at Closing	11
4.1 Performance	12
4.2 Representations and Warranties	12
4.3 Compliance Certificate	12
4.4 Qualifications	12
4.5 Proceedings and Documents	12
4.6 Section 203 of DGCL	12
4.7 Amendment of Governance Agreement	12
5. Conditions of the Company's Obligations at Closing	12
5.1 Representations and Warranties	12
5.2 Qualifications	12
6. Miscellaneous	13
6.1 Survival of Warranties	13
6.2 Successors and Assigns	13
6.3 Governing Law	13
6.4 WAIVER OF JURY TRIAL	13

1

6.5 Counterparts	13
6.6 Titles and Subtitles	13
6.7 Notices	13
6.8 Finder's Fee	14
6.9 Expenses	14
6.10 Amendments and Waivers	14
6.11 Severability	14
6.12 Confidentiality	14
6.13 Publicity	15
6.14 Entire Agreement	15
6.15 Legends	15
6.16 Nasdaq Listing	16
6.17 Existing Agreements Between GSK and Theravance	16
6.18 Authorization	16
6.19 Registrable Securities	16

**THERAVANCE, INC.**

**COMMON STOCK PURCHASE AGREEMENT**

THIS COMMON STOCK PURCHASE AGREEMENT (the "Agreement") is made as of the 29th day of November, 2010, by and among Theravance, Inc., a Delaware corporation (the "Company"), and Glaxo Group Limited, a limited liability company organized under the laws of England and Wales (the "Investor"), and solely for the purposes of Sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.17 and 6.18 hereof, GlaxoSmithKline LLC, a Delaware limited liability company, the successor entity to SmithKline Beecham Corporation, a Pennsylvania corporation ("GSK").

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Purchase and Sale of Stock.

1.1 Sale and Issuance of Common Stock.

(a) On or prior to the Closing (as defined below), the Company shall have authorized the sale and issuance to the Investor of shares of its Common Stock (the "Shares"). The Shares shall have the rights, preferences, privileges and restrictions set forth in the Company's Amended and Restated Certificate of Incorporation (the "Restated Certificate").

(b) Subject to the terms and conditions of this Agreement, the Investor agrees to purchase at the Closing and the Company agrees to sell and issue to the Investor at the Closing, Five Million Seven Hundred Fifty Thousand (5,750,000) Shares for Twenty Two Dollars and Fifty Cents (\$22.50) per Share, resulting in an aggregate purchase price of One Hundred Twenty Nine Million Three Hundred Seventy Five Thousand Dollars (\$129,375,000) (the "Aggregate Purchase Price").

1.2 Closing. The purchase and sale of the Shares shall take place at the offices of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, 1200 Seaport Blvd., Redwood City, CA 94063. Concurrently with the execution and delivery of this Agreement by each of the parties, the Investor will immediately initiate an irrevocable wire transfer in the amount of the Aggregate Purchase Price to the account set forth on Exhibit A hereto. Immediately upon the Company's receipt of the Aggregate Purchase Price the purchase and sale of the Shares shall be consummated (which time is designated as the "Closing"). At the Closing the Company shall deliver evidence to the Investor that the Shares that the Investor is purchasing hereunder are being issued in book form by the Company's transfer agent for its Common Stock. As promptly as practicable following the Closing, the Company shall cooperate with the Investor and the Company's transfer agent to arrange to have delivered to the Investor a certificate representing the Shares that the Investor has purchased pursuant to this Agreement.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor that, as of the date hereof, except as set forth in the SEC Reports (as defined below, but excluding for the purposes of Section 2, other than Section 2.11, any risk factor disclosures contained in such documents under the heading "Risk Factors" and any disclosure of risks included in any "forward-looking statements" disclaimer or other statements that are similarly non-specific and are predictive or forward-looking in nature), which exceptions shall be deemed to be representations and warranties as if made hereunder:

2.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to (i) execute, deliver and perform its obligations under this Agreement and the Second Amendment to Amended and Restated Governance Agreement, in substantially the form attached hereto as Exhibit B (the "Amendment"), (ii) to issue and sell the Common Stock hereunder, (iii) to perform its obligations under the Restated Certificate, and (iv) to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on its business or properties.

2.2 Capitalization and Voting Rights. The authorized capital stock of the Company consists of 230,230,000 shares, with a par value of \$0.01 per share, of which:

- 200,000,000 shares are designated as Common Stock;
- 30,000,000 shares are designated as Class A Common Stock; and

230,000 shares are designated as Preferred Stock.

At September 30, 2010, the Company had outstanding 64,559,227 shares of Common Stock, 9,401,499 shares of Class A Common Stock and no shares of Preferred Stock. All of the Company's outstanding Class A Common Stock is held by the Investor and its affiliates. In addition, as of September 30, 2010, an aggregate of 10,114,189 shares of the Company's Common Stock were subject to outstanding options and restricted stock unit awards. Except for stock option grants and restricted stock unit awards made since September 30, 2010 in the aggregate amount not exceeding 55,420 shares and other than as set forth above in this Section 2.2 or pursuant to this Agreement, the Governance Agreement (as defined below) or the Amendment, there are no other securities convertible into or exchangeable for, or options, warrants, calls, subscriptions, rights, contracts, commitments, arrangements or understandings of any kind to which the Company is a party or by which it is bound obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of the Company.

2.3 Subsidiaries. The Company does not presently own or control, directly or indirectly, any interest in any other corporation, association or other business entity, other than Advanced Medicine East, Inc., a Delaware corporation, and Theravance UK Limited, each a direct wholly-owned subsidiary of the Company. The Company is not a participant in any joint venture, partnership, or similar arrangement.

4

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2.4 Authorization.

(a) All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the Amendment, the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Common Stock being sold hereunder has been taken or will be taken prior to the Closing, and this Agreement and the Amendment constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) The Board of Directors of the Company (the "Board of Directors") has approved the entry by the Company into this Agreement, the Amendment and the performance of the Company's obligations hereunder and thereunder and consummation of the transactions contemplated hereby and thereby for purposes of paragraph (a)(1) of Section 203 of the Delaware General Corporation Law ("DGCL Section 203"), and, to the Company's knowledge, no other "moratorium", "control share acquisition", "business combination", "fair price" or other form of anti-takeover or similar law of any jurisdiction is applicable to the Company and the transactions contemplated by this Agreement.

2.5 Valid Issuance of Common Stock. The Common Stock that is being purchased by the Investor hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Amended and Restated Governance Agreement dated June 4, 2004, as amended May 11, 2007, by and among the Company, GSK, and solely with respect to Articles III, IV and VI thereof, GlaxoSmithKline plc, an English public limited company ("GlaxoSmithKline"), and the Investor (the "Governance Agreement") and under applicable state and federal securities laws. The Common Stock that is being purchased by the Investor hereunder will not be subject to preemptive rights or rights of first refusal that have not been waived or complied with.

2.6 Governmental Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement, except certain post-closing filings as may be required pursuant to federal securities laws and under the "Blue Sky" laws of the various states.

2.7 Offering. Subject in part to the truth and accuracy of the Investor's representations set forth in Section 3 of this Agreement, the offer, sale and issuance of the Common Stock as contemplated by this Agreement are exempt from the registration requirements of any applicable state and federal securities laws, and neither the Company nor any authorized agent acting on its behalf will take any action (including any offering of any securities of the Company under circumstances which would require the integration of such

5

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offering with the offering of any of the Securities to be issued pursuant to this Agreement under the Securities Act and the rules and regulations of the Commission thereunder) hereafter that would cause the loss of such exemption.

2.8 Litigation. There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company that questions the validity of this Agreement, the Amendment, or the right of the Company to enter into this Agreement or the Amendment, or to consummate the transactions contemplated hereby or thereby, or if determined adversely, might result, either individually or in the aggregate, in (i) any material adverse changes in the assets, business or prospects of the Company, financially or otherwise or (ii) any change in the current equity ownership of the Company, nor is the Company aware that there is any basis for the foregoing. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no material action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

2.9 Patents and Trademarks. The Company owns, or has rights to use pursuant to a valid license, all patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and processes necessary for its business as now conducted. The use, modification, licensing, sublicensing, sale, or any other exercise of rights involving such intellectual property does not infringe any copyright, trade secret, trademark, service mark, trade name, firm name, logo, trade dress, mask work, moral right, other intellectual property right, right of privacy or right in personal data, or to the knowledge of the Company, any patent, of any person. No claims (i) challenging the validity, effectiveness, or ownership by the Company of any of the Company's intellectual property, or (ii) to the effect that the use, reproduction, modification, manufacturing, distribution, licensing, sublicensing, sale or any other exercise of rights in any product, work, technology, service or process as used, provided or offered at any time, or as proposed

for use, reproduction, modification, distribution, licensing, sublicensing, sale or any other exercise of rights, by the Company infringes or will infringe on any intellectual property or other proprietary or personal right of any person have been asserted or, to the knowledge of the Company, (A) are threatened by any person nor (B) are there any valid grounds for any bona fide claim of any such kind. To the knowledge of the Company, there is no unauthorized use, infringement or misappropriation of any of the Company's intellectual property by any third party, employee or former employee. The Company's employees are not obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his or her best efforts to promote the interests of the Company or that would conflict with the Company's business as proposed to be conducted. Neither the execution nor delivery of this Agreement or the Amendment, nor the carrying on of the Company's business by the employees of the Company, nor the conduct of the Company's business as proposed, will, to the best of the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. The Company does not believe it is or will be necessary to utilize any inventions of any of its employees made prior to their employment by the Company unless such inventions are properly assigned to the Company.

6

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2.10 Compliance with Other Instruments. The Company is not in violation or default in any material respect of any provision of its Restated Certificate or Bylaws, or in any material respect of any instrument, judgment, order, writ, decree or contract to which it is a party or by which it is bound, or, to the best of its knowledge, of any provision of any statute, rule or regulation applicable to the Company. The execution, delivery and performance of this Agreement, the Amendment, and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, order, writ, decree or contract or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to the Company, its business or operations or any of its assets or properties. Without limiting the foregoing, the purchase of the Shares contemplated by this Agreement and the Amendment have been approved by a majority of the "Independent Directors" as defined in the Governance Agreement.

2.11 SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act of 1933, as amended (the "Securities Act") or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including pursuant to Section 13(a) or 15(d) thereof, for the three (3) years preceding the date hereof (the foregoing materials being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Securities and Exchange Commission (the "Commission") promulgated thereunder, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. To the knowledge of the Company, except as disclosed to counsel to the Investor, there are no outstanding comments from the Commission with respect to any SEC Report. No executive officer of the Company has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

2.12 Internal Controls. The Company (i) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to

7

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reasonably assure that material information relating to the Company is made known to the chief executive officer and the chief financial officer of the Company by others within the Company; and (ii) has disclosed, based on its most recent evaluation of internal controls over financial reporting prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors (A) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (B) to the knowledge of the Company, any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting. For the three (3) years preceding the date hereof, (i) neither the Company nor, to the knowledge of the Company, any director, officer, employee, auditor or accountant of the Company has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its internal accounting controls, including any material complaint, allegation, assertion or claim that the Company has engaged in questionable accounting or auditing practices; and (ii) no attorney representing the Company, whether or not employed by the Company, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the Board of Directors or any committee thereof or to any director or officer of the Company.

2.13 Absence of Certain Events and Changes. Since September 30, 2010, (i) the Company has conducted its businesses in all material respects in the ordinary course consistent with past practice; (ii) there has not been any event, change or development which, individually or in the aggregate, has had or is reasonably likely to have a material adverse effect on the Company; (iii) the Company has not incurred any material liabilities (contingent or otherwise) other than trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice; (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders; and (v) other than the surrender to the Company of shares of Common Stock by the executive officers of the Company in connection with the Company's payment of withholding taxes due upon the vesting or settlement of the executive officers' restricted stock unit awards, the Company has not purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock.

2.14 No Undisclosed Liabilities. The Company does not have any liabilities (contingent or otherwise), except for (i) liabilities reflected or reserved against in financial statements of the Company included in the SEC Reports filed prior to the date of this Agreement; and (ii) liabilities that have

2.15 Related-Party Transactions. No executive officer or director of the Company or member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them. To the Company's knowledge, none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company is affiliated or with which the Company has a business relationship, or any firm or corporation that competes with the Company, except that executive officers or directors of the Company and members of their immediate families may own stock in publicly traded companies that may compete with the Company. No member of the immediate family of any executive officer or director of the Company is directly or indirectly interested in any material contract with the Company.

2.16 Permits. The Company has all material franchises, permits, licenses, and any similar authority necessary for the conduct of its business as now being conducted by it, and the Company believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as planned to be conducted. The Company is not in default in any material respect under any of its franchises, permits, licenses, or other similar authority.

2.17 Disclosure. The Company has provided the Investor with all information requested by the Investor in connection with its decision to purchase the Common Stock, including all information the Company believes is reasonably necessary to make such investment decision. To the Company's knowledge, neither this Agreement, the Amendment, nor any other statements or certificates made or delivered in connection herewith or therewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

2.18 Corporate Documents. The Restated Certificate and Bylaws of the Company are in the form as set forth as exhibits in the SEC Reports.

2.19 Title to Property and Assets. The Company owns its property and assets free and clear of all mortgages, liens, loans and encumbrances, except such encumbrances and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets, and has good and marketable title to such property. With respect to the property and assets it leases, the Company is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances.

2.20 Tax Returns, Payments and Elections. The Company has timely filed all tax returns and reports as required by law. These returns and reports are true and correct in all material respects. The Company has paid all taxes and assessments due, except those contested by it in good faith, if any. The Company has not been advised (a) that any of its federal, state or local returns are being audited as of the date hereof, or (b) of any deficiency in assessment or proposed judgment to its federal, state or other taxes. The Company has no knowledge of any tax liabilities due with respect to the Company or its properties or assets as of the date of this Agreement that are not adequately provided for.

2.21 Environmental Law. To the Company's knowledge, the Company is not in violation of and has no liability or potential liability under any applicable statute, law, or

regulation relating to the environment, and to the best of its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law, or regulation.

2.22 Proprietary Information and Employment Agreements. Each current and former employee and officer of the Company has executed a standard Proprietary Information and Inventions Agreement. Each consultant of the Company has executed a standard Consulting Agreement containing invention assignment provisions. The Company is not aware that any of its employees, officers or consultants is in violation thereof, and the Company will use its best efforts to prevent any such violation. The Company has not entered into any employment agreements with any executive officers of the Company.

2.23 Registration Rights. Except as required pursuant to the Amended and Restated Investors' Rights Agreement dated May 11, 2004, by and among the Company and the investors who are parties thereto (the "Investors' Rights Agreement"), the Company is not presently under any obligation, and has not granted, any rights to register any of the Company's presently outstanding securities or any of its securities that may hereafter be issued.

2.24 Real Property Holding Corporation. The Company is not a real property holding corporation within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986 (the "Code"), as amended, and any regulations promulgated thereunder.

2.25 Labor Agreements. The Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested or, to the Company's knowledge, has sought to represent any of the employees, representatives or agents of the Company. There is no strike or other labor dispute involving the Company pending, or to the Company's knowledge, threatened, that could have a material adverse effect on its business or properties, nor is the Company aware of any labor organization activity involving its employees.

2.26 Insurance. The Company maintains in full force and effect such types and amounts of insurance issued by insurers of recognized responsibility insuring the Company with respect to its business and properties, in such amounts and against such losses and risks which are usual and customary in the Company's business as to amount and scope.

3. Representations and Warranties of the Investor. The Investor hereby represents and warrants that:

3.1 Authorization. The Investor has full power and authority to enter into this Agreement and the Amendment, and this Agreement and the Amendment constitute its valid and legally binding obligations, enforceable in accordance with their respective terms except (i) as limited by

3.2 Purchase Entirely for Own Account. This Agreement is made with the Investor in reliance upon the Investor's representation to the Company, which by the Investor's execution of this Agreement the Investor hereby confirms, that the Common Stock to be received by the Investor (the "Securities") will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same in violation of applicable securities laws. By executing this Agreement, the Investor further represents that the Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

3.3 Disclosure of Information. The Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Common Stock and the business, properties, prospects and financial condition of the Company. The Investor acknowledges that it has read the "Risk Factors" Section contained in the Company's Quarterly Report on Form 10-Q filed on October 29, 2010 and understands the Company's business and recognizes that a purchase of the Company's Common Stock involves risks and uncertainties. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Investor to rely thereon.

3.4 Investment Experience. The Investor is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Common Stock. The Investor also represents that it has not been organized for the purpose of acquiring the Common Stock.

3.5 Accredited Investor. The Investor is an "accredited investor" within the meaning of Rule 501 of Regulation D adopted pursuant to the Act, as presently in effect.

3.6 Restricted Securities. The Investor understands that the Securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Act, only in certain limited circumstances. In this connection, the Investor represents that it is familiar with Rule 144 adopted pursuant to the Act, as presently in effect, and understands the resale limitations imposed thereby and by the Act.

3.7 Amended and Restated Governance Agreement. The Investor acknowledges and agrees that (a) the Shares it is purchasing hereunder are "Voting Stock" (as defined in the Governance Agreement), (b) the Shares are subject to the terms and conditions of the Governance Agreement, including, but not limited to, the resale restrictions and voting obligations contained therein, and (c) it is a GSK Affiliate under the Governance Agreement.

4. Conditions of Investor's Obligations at Closing. The obligations of the Investor under subsection 1.1(b) of this Agreement are subject to the fulfillment on or before the

Closing of each of the following conditions, the waiver of which shall not be effective against the Investor if it does not consent thereto:

4.1 Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

4.2 Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall have been true on and as of the Closing.

4.3 Compliance Certificate. The Chief Executive Officer of the Company shall deliver to the Investor at the Closing a certificate stating that the conditions specified in Section 4.1 and 4.2 have been fulfilled.

4.4 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be duly obtained and effective as of the Closing.

4.5 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Investor, and they shall have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

4.6 Section 203 of DGCL. The Board of Directors shall have approved the entry by the Company into this Agreement and the Amendment and the performance by of the Company's obligations hereunder and thereunder and consummation of the transactions contemplated hereby and thereby for purposes of paragraph (a)(1) of DGCL Section 203 and the Company shall deliver to the Investor true and correct copies of resolutions adopted by the Board of Directors to the foregoing effect.

4.7 Amendment of Governance Agreement. The Company shall have executed and delivered to the Investor its signature page to the Amendment.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to the Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by the Investor:



5.1 Representations and Warranties. The representations and warranties of the Investor contained in Section 3 shall have been true on and as of the Closing.

5.2 Qualifications. All authorizations, approvals, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Securities pursuant to this Agreement shall be duly obtained and effective as of the Closing.

12

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6. Miscellaneous.

6.1 Survival of Warranties. The warranties, representations and covenants of the Company, the Investor and GSK contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investor, GSK or the Company.

6.2 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.3 Governing Law. This Agreement shall be governed by and construed in accordance with and governed by the law of the State of Delaware, without regard to the conflicts of laws principles thereof. Any action brought, arising out of, or relating to this Agreement shall be brought in the Court of Chancery of the State of Delaware. Each party hereby irrevocably submits to the exclusive jurisdiction of said Court in respect of any claim relating to the validity, interpretation and enforcement of this Agreement, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding in which any such claim is made that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such courts, or that the venue thereof may not be appropriate or that this agreement may not be enforced in or by such courts. The parties hereby consent to and grant the Court of Chancery of the State of Delaware jurisdiction over such parties and over the subject matter of any such claim and agree that mailing of process or other papers in connection with any such action, suit or proceeding in the manner provided in Section 6.6, or in such other manner as may be permitted by law, shall be valid and sufficient thereof.

6.4 WAIVER OF JURY TRIAL. **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

6.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.6 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.7 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day or (c) one (1) day after deposit with a

13

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nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. Notwithstanding the foregoing or any provision to the contrary in the Investors' Rights Agreement or the Restated Certificate, the Company agrees that when any notice is given to the Investor or GSK, whether under this Agreement, the Investors' Rights Agreement or the Restated Certificate, such notice shall not be deemed to be effectively given until a copy of such notice is transmitted to the Investor and GSK via facsimile. All notices and certificates will be addressed to the Investor and GSK at their respective addresses set forth on the signature page hereto or at such other address as the Company or the Investor or GSK may designate by ten (10) days advance written notice to the other parties hereto.

6.8 Finder's Fee. The Investor agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible.

The Company agrees to indemnify and hold harmless the Investor from any liability for any commission or compensation in the nature of a finders' fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.9 Expenses. Irrespective of whether the Closing is effected, each party shall bear their own costs and expenses incurred with respect to the negotiation, execution, delivery and performance of this Agreement. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or the Restated Certificate, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.10 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company, the Investor and GSK. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

6.11 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.12 Confidentiality. Any confidential information obtained by the Investor or GSK pursuant to this Agreement which is labeled or otherwise identified as confidential or proprietary shall be treated as confidential and shall not be disclosed to a third party without the prior written consent of the Company and shall not be used by the Investor or GSK for any purpose other than monitoring the Investor's or GSK's investment in the Company, except that the Investor or GSK may disclose such information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (ii) to its affiliates, officers, directors, shareholders,

14

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members and/or partners in the ordinary course of business or pursuant to disclosure obligation to affiliates, shareholders, members and/or partners; provided that such information is provided to such persons and entities with notice that such information is confidential and should be treated as such, (iii) to any prospective purchaser of the Investor's or GSK's shares of the Company, provided (in the case of disclosure in clause (iii)) the recipient agrees to keep such information confidential and to use such information solely for evaluation of such proposed purchase, or (iv) as may otherwise be required by law. Notwithstanding the foregoing, such information shall not be deemed confidential for the purpose of enforcement of this Agreement and said information shall not be deemed confidential after it becomes publicly known through no fault of the recipient. The provisions of this Section 6.12 shall be in addition to, and not in substitution for, the provisions of any separate confidentiality agreements executed by the parties hereto; provided that if there is any conflict between the provisions of this Section 6.12 and the more restrictive provisions of such separate confidentiality agreements, the provisions of such separate confidentiality agreements shall prevail.

6.13 Publicity. No party or any affiliate of a party shall make, or cause to be made, any publicity, news release or other such general public announcement or make any other disclosure to any third party in respect of this Agreement or the transactions contemplated hereby (including, without limitation, disclosure of Investor's or GSK's ownership interest in the Company) without the prior written consent of the other party; provided however, that the foregoing provision is not intended to limit communications deemed reasonably necessary or appropriate by a party or its affiliates to its employees, stockholders, partners, directors, officers, potential investors, accountants and legal counsel who are under an obligation to preserve the confidentiality of the foregoing. Notwithstanding the foregoing provision, the parties and their respective affiliates shall not be prohibited from making any disclosure or release that is required by law, court order, or applicable regulation, or is considered necessary by legal counsel to fulfill an obligation under securities laws or the rules of a national stock exchange.

6.14 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants except as specifically set forth herein or therein.

6.15 Legends. It is understood that the certificates evidencing the Securities may bear one or all of the following legends:

(a) "The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"). The shares may not be sold, transferred or assigned in the absence of an effective registration for these shares under the Act or an opinion of the corporation's counsel that registration is not required under the Act."

(b) "The sale, pledge, hypothecation, assignment or transfer of the securities represented by this certificate is subject to the terms and conditions of a Governance Agreement by and between the stockholder and the corporation. Copies of such agreement may be obtained upon written request to the Secretary of the Corporation."

(c) Any legend required by the laws of any state.

15

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6.16 Nasdaq Listing. The Company shall use all commercially reasonable efforts to have the Shares acquired by the Investor at the Closing authorized for listing on Nasdaq.

6.17 Existing Agreements Between GSK and Theravance. GSK, the Investor, and the Company agree and acknowledge that (a) none of GSK, the Investor nor any of their affiliates currently have any right to nominate or designate any individual to serve as a member or observer of the Board of Directors pursuant to section 1.1(a) of the Governance Agreement, and (b) notwithstanding the purchase of the Shares by the Investor hereunder or any other acquisition of shares of Voting Stock (as defined in the Governance Agreement) by GSK, the Investor or any of their affiliates, none of GSK, the Investor nor any of their affiliates will following the Closing have any right to nominate or designate any individual to serve as a member or observer of the Board of Directors pursuant to section 1.1(a) of the Governance Agreement. Notwithstanding the approval of the purchase of the Shares hereunder by the Independent Directors and the Company and except as otherwise set forth herein, GSK and the Investor agree and acknowledge that and each of them and their affiliates continue to be subject to the limitations set forth in the Governance Agreement with respect to acquisitions of any securities or direct or indirect rights, warrants or options to acquire, or securities convertible into or exchangeable for, any Equity Securities (as defined in the Governance Agreement). GSK, the Investor and the Company agree that neither the execution of this Agreement nor the consummation by it of the transactions contemplated hereby does or will, violate, conflict with or result in the breach or termination of, or constitute a default under the terms of, any existing agreement between GSK or any of its affiliates, on the one hand, and Theravance or any of its affiliates, on the other hand.

6.18 Authorization. GSK has full power and authority to enter into this Agreement and the Amendment, and this Agreement and the Amendment constitute its valid and legally binding obligations, enforceable in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

6.19 Registrable Securities. The Shares purchased by the Investor pursuant to this Agreement shall constitute Registrable Securities as defined in, and in accordance with the limitations set forth in, the Investors' Rights Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THERAVANCE, INC.

By: /s/ Rick E Winningham  
Rick E Winningham  
Chief Executive Officer

**SIGNATURE PAGE TO 2010 COMMON STOCK PURCHASE AGREEMENT**

INVESTOR:

Glaxo Group Limited  
Name of Investor

By: /s/ Peter K. Hopkins  
Signature of Authorized Person  
Name: Peter K. Hopkins  
Title: A duly authorized representative for and on behalf of Glaxo Group Limited

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fax No: \_\_\_\_\_

GlaxoSmithKline LLC  
(Solely with respect to Sections 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.17 and 6.18)

By: /s/ William J. Mosher  
Signature of Authorized Person  
Name: William J. Mosher  
Title: Vice President and Secretary

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fax No:

**SIGNATURE PAGE TO 2010 COMMON STOCK PURCHASE AGREEMENT**

## SECOND AMENDMENT TO

AMENDED AND RESTATED GOVERNANCE AGREEMENT

This Second Amendment to the Amended and Restated Governance Agreement (this "Amendment") is entered into effective as of November 29, 2010, by and among GlaxoSmithKline LLC, a Delaware limited liability company, the successor entity to SmithKline Beecham Corporation, a Pennsylvania corporation ("GSK"), Theravance, Inc., a Delaware corporation (the "Company"), GlaxoSmithKline plc, an English public limited company ("GlaxoSmithKline") and Glaxo Group Limited, a limited liability company organized under the laws of England and Wales ("GGL" and with each of GSK, GlaxoSmithKline and the Company, a "Party") and amends the Amended and Restated Governance Agreement (the "Governance Agreement") entered into as of June 4, 2004 and as amended on April 25, 2007, by and among the Parties. All defined terms not defined in this Amendment shall have the meaning ascribed to them in the Governance Agreement.

**WHEREAS**, the Parties wish to amend the Governance Agreement to provide for the amendments described herein;

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual promises and covenants contained herein, the parties agree as follows:

1. Article II, Section 2.1(d)(v) of the Governance Agreement be amended by replacing such Section so that such Section shall be and read as follows:

Notwithstanding anything contained in this Section 2.1(d)(i), (ii), (iii) and (iv), if the Company shall (A) issue Permitted Indebtedness consisting of securities exchangeable or convertible into Voting Stock or (B) convert into Voting Stock all or any portion of the \$172.5 million in aggregate principal amount of unsecured convertible subordinated notes issued by the Company in January 2008 (the "Convertible Notes"), the Company shall, in either case, provide written notice to GSK of the conversion or exchange of any such Permitted Indebtedness or such Convertible Notes, as the case may be, within ten (10) days following any such conversion or exchange. GSK shall notify the Company within twenty (20) days following the receipt of such notice if it intends to purchase that number of shares of Voting Stock from the Company required to maintain GSK's Percentage Interest as measured immediately prior to the date of such conversion or exchange of Permitted Indebtedness or Convertible Notes, as the case may be, at a price per share equal to the greater of (x) the conversion or exchange price of such Permitted Indebtedness or such Convertible Notes, as applicable, or (y) the Fair Market Value Per Share on the date of such purchase by GSK. The Company shall use its commercially reasonable efforts to issue such shares of Voting Stock to GSK within thirty (30) days after receipt of notice from GSK of its intention to purchase such shares or such later date as is necessary to comply with any federal

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or state securities or antitrust laws or the rules and regulations of the SEC, NASD, NASDAQ, or any other such self-regulating organization.

2. This Amendment, the Governance Agreement and the agreements specifically referred to herein and therein constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

3. This Amendment shall be governed by and construed in accordance with and governed by the law of the State of Delaware, without regard to the conflicts of laws principles thereof. Any action brought, arising out of, or relating to this Amendment shall be brought in the Court of Chancery of the State of Delaware. Each Party hereby irrevocably submits to the exclusive jurisdiction of said Court in respect of any claim relating to the validity, interpretation and enforcement of this Amendment, and hereby waives, and agrees not to assert, as a defense in any action, suit or proceeding in which any such claim is made that it is not subject thereto or that such action suit or proceeding may not be brought or is not maintainable in such courts, or that the venue thereof may not be appropriate or that this Amendment may not be enforced in or by such courts.

4. In the event of the invalidity of any provisions of this Amendment or if this Amendment contains any gaps, the Parties agree that such invalidity or gap shall not affect the validity of the remaining provisions of this Amendment. The Parties will replace an invalid provision or fill any gap with valid provisions which most closely approximate the purpose and economic effect of the invalid provision or, in case of a gap, the Parties' presumed intentions. In the event that the terms and conditions of this Amendment are materially altered as a result of the preceding sentences, the Parties shall renegotiate the terms and conditions of this Amendment in order to resolve any inequities. Nothing in this Amendment shall be interpreted so as to require any Party to violate any applicable laws, rules or regulations.

5. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

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IN WITNESS WHEREOF, the Parties hereby have executed this Amendment on the date first written above.

THERAVANCE, INC.

By: /s/ Rick E Winningham

Name: Rick E Winningham

Title: Chief Executive Officer

GLAXOSMITHKLINE LLC

By: /s/ William J. Mosher

Name: William J. Mosher

Title: Vice President and Secretary

GLAXOSMITHKLINE plc

By: /s/ Julian Heslop

Name: Julian Heslop

Title: Chief Financial Officer

GLAXO GROUP LIMITED

By: /s/ Peter K. Hopkins

Name: Peter K. Hopkins

Title: A duly authorized representative for and on behalf of Glaxo Group Limited

SIGNATURE PAGE  
SECOND AMENDMENT TO AMENDED AND RESTATED GOVERNANCE AGREEMENT

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## GlaxoSmithKline to Increase Its Shareholding in Theravance

**SOUTH SAN FRANCISCO, CA/LONDON, UK November 29, 2010** — Theravance, Inc. (NASDAQ: THRX) (the “Company”) and GlaxoSmithKline plc (GSK) announced today that GSK will increase its shareholding in Theravance through the purchase of shares of Common Stock of Theravance in a private placement. GSK and Theravance have entered into a stock purchase agreement for GSK to purchase 5,750,000 shares of Theravance common stock at a price of \$22.50 per share, for a total investment of \$129,375,000. The transaction is scheduled to close later today. Following this purchase, GSK will own 15,151,499 shares of Theravance common stock and Class A common stock, which represent approximately 19% of the total outstanding capital stock of Theravance. The most recent five-day volume-weighted average price per share of Theravance common stock was \$22.35.

“We have built a strong relationship with Theravance since entering into the Collaboration Agreement in 2002,” said Moncef Slaoui, Chairman of Research & Development of GSK. “We were keen to take advantage of this opportunity to increase our shareholding in Theravance. This reflects the confidence we have in the Relovair programme and the wider late stage respiratory pipeline that we have built up through the collaboration.”

“I am very pleased with our collaboration with GSK which is currently developing a portfolio of next-generation therapies for the treatment of serious respiratory disorders such as asthma and chronic obstructive pulmonary disease,” said Rick E Winningham, Chief Executive Officer of Theravance. “We are excited for GSK to become a larger shareholder of our Company and look forward to continuing to work closely with GSK to advance our collaboration programmes.”

### About GSK Theravance Collaboration

In November 2002, Theravance entered into a long-acting beta<sub>2</sub> agonist (LABA) collaboration with GSK to develop and commercialize a once-daily LABA product candidate as part of a new combination medicine with an inhaled corticosteroid (ICS) for the treatment of asthma and/or a long-acting muscarinic antagonist (LAMA) for chronic obstructive pulmonary disease (COPD) and as a single-agent new medicine for the treatment of COPD. The ICS/ LABA combination medicine, Relovair, is now in Phase III development. The LAMA/LABA programme is in Phase II development.

In March 2004, Theravance entered into a strategic alliance with GSK. Under this alliance, GSK received an option to license exclusive development and commercialization rights to product candidates from all of Theravance’s full drug discovery programmes initiated prior to September 1, 2007, on pre-determined terms and on an exclusive, worldwide basis. Upon licensing a programme, GSK is responsible for funding all future development, manufacturing and commercialization activities for product candidates in that programme. A Bifunctional Muscarinic Antagonist-Beta<sub>2</sub> Agonist (MABA) for the treatment of COPD has been licensed by GSK under the terms of the strategic alliance. This programme is currently in Phase II development.

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**Theravance** - is a biopharmaceutical company with a pipeline of internally discovered product candidates. Theravance is focused on the discovery, development and commercialization of small molecule medicines across a number of therapeutic areas including respiratory disease, bacterial infections and gastrointestinal motility dysfunction. The company’s key programmes include: the RELOVAIR™ programme and Bifunctional Muscarinic Antagonist-Beta<sub>2</sub> Agonist (MABA) programme, both with GlaxoSmithKline plc, and VIBATIV™ (telavancin) with Astellas Pharma Inc. By leveraging its proprietary insight of multivalency toward drug discovery, Theravance is pursuing a best-in-class strategy designed to discover superior medicines in areas of significant unmet medical need. For more information, please visit the company’s web site at [www.theravance.com](http://www.theravance.com).

THERAVANCE®, the Theravance logo, and MEDICINES THAT MAKE A DIFFERENCE® are registered trademarks of Theravance, Inc.

VIBATIV is a trademark of Astellas Pharma Inc.

RELOVAIR is a trademark of Glaxo Group Limited. Mark is intended for U.S. and subject to FDA approval.

**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 further information please visit [www.gsk.com](http://www.gsk.com).

### Theravance Cautionary Statement Regarding Forward-Looking Statements

This press release contains certain “forward-looking” statements as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements relating to goals, plans, objectives and future events. Theravance intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Examples of such statements include statements relating to the goals and timing of clinical studies and product commercialization, statements regarding the potential benefits of drug candidates, statements concerning the timing of seeking regulatory approval of our product candidates, statements concerning enabling capabilities of Theravance’s approach to drug discovery and its proprietary insights, and statements regarding expectations for product candidates through development and commercialization and projections of revenue, expenses and other financial items. These statements are based on the current estimates and assumptions of the management of Theravance as of the date of this press release and 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 its 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 delays or difficulties in commencing or completing clinical studies, the potential that results of clinical or preclinical studies indicate product candidates are unsafe or ineffective, our dependence on third parties in the conduct of our clinical studies, delays or failure to achieve regulatory approvals for product candidates, risks of relying on third-party manufacturers for the supply of our product candidates and risks of collaborating with third parties to develop and commercialize products. These and other risks are described in greater detail under the heading “Risk Factors” contained in Theravance’s Quarterly Report on Form 10-Q filed with the

Securities and Exchange Commission (SEC) on October 29, 2010 and the risks discussed in our other period filings with SEC. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Theravance assumes no obligation to update its forward-looking statements.

### **GlaxoSmithKline Cautionary Statement Regarding Forward-Looking Statements**

Under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, GSK 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 GSK's operations are described under 'Risk Factors' in the 'Business Review' in the company's Annual Report on Form 20-F for 2009.

#### **Theravance, Inc. Enquiries:**

Senior Vice President and Chief Financial Officer

Michael W. Aguiar (650) 808 4100  
investor.relations@theravance.com

#### **GSK Enquiries:**

UK Media enquiries:

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