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): **April 17, 2014**

THERAVANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**000-30319**	**94-3265960**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(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 (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 April 17, 2014, Theravance, Inc. (the "Company") and LABA Royalty Sub LLC, a Delaware limited liability company (the "Issuer") and wholly owned subsidiary of the Company, entered into certain note purchase agreements (each, a "Note Purchase Agreement" and collectively, the "Note Purchase Agreements"), with the note purchaser or note purchasers referenced therein (each, a "Note Purchaser" and collectively, the "Note Purchasers"), relating to the private placement by the Issuer to the Note Purchasers of $450,000,000 aggregate principal amount of the Issuer's non-recourse LABA PhaRMA℠ 9.0% Fixed Rate Term Notes due 2029 (the "Notes") issued under the Indenture, dated as April 17, 2014 (the "Indenture"), by and between the Issuer and U.S. Bank National Association, a national banking association, as initial trustee (in such capacity, the "Trustee").

The Notes are secured by a security interest in a segregated bank account (the "Collection Account") established to receive 40% of royalties from global net sales occurring on or after April 1, 2014 and ending upon the earlier of full repayment of principal or May 15, 2029, of RELVAR®/BREO® ELLIPTA® (fluticasone furoate/vilanterol "FF/VI"), ANORO™ ELLIPTA™ (umeclidinium bromide/vilanterol, UMEC/VI) and, if developed, approved and commercialized, VI monotherapy, by Glaxo Group Limited, a private company limited by shares registered under the laws of England and Wales (the "Counterparty"), its affiliates and their licensees (and their licensees' affiliates) to third parties (the "Retained Royalty Payments") that are paid by the Counterparty pursuant to the Collaboration Agreement, dated November 14, 2002, as amended from time to time (the "Collaboration Agreement"), entered into between the Company and the Counterparty.

Simultaneously with the Note Purchase Agreements, the Company entered into a series of related agreements to support and effectuate the issuance and sale of the Notes.

Pursuant to the Sale and Contribution Agreement, dated as of April 17, 2014, (the "Sale and Contribution Agreement"), between the Company, as the transferor, and the Issuer, as the transferee, the Company sold and contributed to the Issuer all of its right, title and interest in, to and under the Collaboration Agreement and all of its rights and obligations thereunder other than certain excluded rights and obligations described herein; provided, that the Company will continue to receive all of the amounts paid by the Counterparty pursuant to the Collaboration Agreement other than the Retained Royalty Payments subject to the agreement of the Company to continue to perform all of the obligations (including the payment obligations) due to the Counterparty under the Collaboration Agreement.

Pursuant to the Servicing Agreement, dated as of April 17, 2014 (the "Servicing Agreement"), between the Issuer and the Company, in its capacity as the servicer (the "Servicer"), the Servicer has agreed to monitor, manage and administer the Issuer's rights and obligations under the Collaboration Agreement.

Pursuant to the Account Control Agreement, dated as of April 17, 2014 (the "Account Control Agreement") among the Issuer, as grantor, the Company, the Trustee, as the secured party, and the U.S. Bank National Association, as financial institution, the security interest of the Trustee in the Issuer's rights in the Collection Account was perfected.

Pursuant to the terms of the Indenture, the Notes are not convertible into Company equity and have no security interest in nor rights under any Company agreement with the Counterparty. The Notes may be redeemed at any time prior to maturity, in whole or in part, at specified redemption premiums. The Notes bear an annual interest rate of 9%, with interest and principal paid quarterly beginning November 15, 2014. Prior to May 15, 2016, in the event that the specified portion of royalties received in a quarter is less than the interest accrued for the quarter, the principal amount of the Notes will increase by the interest shortfall amount for that period. Since the principal and interest payments on the Notes are based on royalties from product sales, which will vary from quarter to quarter, the Notes may be repaid prior to the final maturity date in 2029. Net proceeds of the offering are expected to be approximately $434.3 million; however, $32 million of such proceeds have been deposited into a milestone payment reserve account to fund 40% of any future milestone payments owing to the Counterparty under the Collaboration Agreement. The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent an applicable exemption from the registration requirements of the Securities Act.

The Issuer was formed on November 22, 2013 and is governed as a special purpose bankruptcy remote entity under Delaware law by the Limited Liability Agreement, dated as of April 17, 2014 (the "LLC Agreement"), entered into by the Company as the initial sole equity member of the Issuer.

The Note Purchase Agreements, Indenture, Sale and Contribution Agreement, Servicing Agreement, Account Control Agreement and LLC Agreement are collectively referred to herein as the "Transaction Documents." The foregoing descriptions of the Transaction Documents do not purport to be complete and are qualified in their entirety by reference to such agreements, copies of which are filed as exhibits hereto and incorporated herein by reference.

The definitions for the Transaction Documents are set forth in the Annex A — Rules of Construction and Defined Terms.

Item 8.01. Other Events.

On April 21, 2014, the Company issued a press release announcing the issuance and sale of the Notes. A copy of the Company's press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
1.1	Form of Note Purchase Agreement, dated April 17, 2014.
4.1	Indenture, dated April 17, 2014.
10.1	Sale and Contribution Agreement, dated April 17, 2014.
10.2	Servicing Agreement, dated April 17, 2014.
10.3	Account Control Agreement, dated April 17, 2014.
10.4	Limited Liability Agreement of LABA Royalty Sub LLC, dated April 17, 2014.
10.5	Annex A — Rules of Construction and Defined Terms, dated April 17, 2014.
99.1	Press Release of Theravance, Inc., dated April 21, 2014.

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.

Date: April 21, 2014

By: /s/ **Michael W. Aguiar**
Michael W. Aguiar
Chief Financial Officer

Exhibit 1.1

NOTE PURCHASE AGREEMENT

dated April 17, 2014

among

THERAVANCE, INC.,

LABA ROYALTY SUB LLC

and

THE PURCHASER NAMED HEREIN

$450,000,000 LABA PHARMA℠ 9.0% FIXED RATE TERM NOTES DUE 2029

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NOTE PURCHASE AGREEMENT

April 17, 2014

To the Purchaser named in Schedule 1

Ladies and Gentlemen:

LABA Royalty Sub LLC, a Delaware limited liability company, and Theravance, Inc., a Delaware corporation, hereby covenant and agree with you as follows:

ARTICLE I
INTRODUCTORY

Section 1.1 Introductory. The Issuer proposes, subject to the terms and conditions stated herein, to issue and sell to the purchaser named in Schedule 1 (the "Purchaser") and to the Other Note Purchasers $450,000,000 in aggregate principal amount of the Issuer's LABA PhaRMA℠ 9.0% Fixed Rate Term Notes due 2029. The principal amount of Original Notes to be purchased by the Purchaser pursuant to this Note Purchase Agreement is set forth opposite the Purchaser's name in Schedule 1. The Original Notes to be sold to the Purchaser and the Other Note Purchasers are to be issued pursuant to the Indenture.

The Original Notes will be offered and sold to the Purchaser and the Other Note Purchasers (collectively, the "Note Purchasers") in transactions exempt from the registration requirements of the Securities Act. The Issuer will use the net proceeds from the offering of the Original Notes to (i) pay the placement fee payable to the Placement Agent and certain other fees and expenses associated with the offering and sale of the Original Notes, (ii) deposit an amount equal to $32,000,000 into the Milestone Payment Reserve Account to cover the Retained Obligation as it becomes due and (iii) pay the remaining amount to the Transferor as a dividend in connection with the sale and contribution of the Transferred Assets to the Issuer pursuant to the Sale and Contribution Agreement.

ARTICLE II
RULES OF CONSTRUCTION AND DEFINED TERMS

Section 2.1 Rules of Construction and Defined Terms. The rules of construction set forth in Annex A shall apply to this Note Purchase Agreement and are hereby incorporated by reference into this Note Purchase Agreement as if set forth fully in this Note Purchase Agreement. Capitalized terms used but not otherwise defined in this Note Purchase Agreement shall have the respective meanings given to such terms in Annex A, which is hereby incorporated by reference into this Note Purchase Agreement as if set forth fully in this Note Purchase Agreement. Not all terms defined in Annex A are used in this Note Purchase Agreement.

ARTICLE III
SALE AND PURCHASE OF ORIGINAL NOTES; CLOSING

Section 3.1 Sale and Purchase of Original Notes; Closing. On the basis of the representations and warranties contained in, and subject to the terms and conditions of, this Note Purchase Agreement, the Issuer will issue and sell the Original Notes to the Purchaser, and the Purchaser will purchase, the principal amount of Original Notes set forth opposite its name on Schedule 1. The Purchaser will purchase such principal amount of Original Notes at a purchase price equal to 100% of the principal amount thereof (the "Price"). Contemporaneously with entering into this Note Purchase Agreement, the Issuer is entering into separate Note Purchase Agreements (the "Other Agreements") substantially identical to this Note Purchase Agreement with other note purchasers (the "Other Note Purchasers"), providing for the sale on the Closing Date to each of the Other Note Purchasers of Original Notes in the principal amount specified opposite its name in Schedule 1 to such Other Agreement, at a purchase price equal to 100% of the principal amount thereof (the "Other Prices" and, together with the Price, the "Note Purchase Price"). The Issuer shall not be obligated to deliver, and no Note Purchaser shall be required to purchase, any of the Original Notes except upon delivery of and payment for all the Original Notes to be purchased on the Closing Date.

On the Closing Date, the Issuer will deliver one or more Global Notes for the account of DTC evidencing the aggregate principal amount of Original Notes to be acquired by all Note Purchasers pursuant to the Note Purchase Agreements. The Issuer will deliver such Global Notes to DTC against payment by each such Note Purchaser of its respective portion of the aggregate Note Purchase Price for its beneficial interest therein by wire transfer of immediately available funds to the Trustee Closing Account. Delivery to each Note Purchaser of the Original Notes shall be made through the facilities of DTC on the Closing Date, upon payment therefor by each such Note Purchaser of its respective portion of the aggregate Note Purchase Price by wire transfer of immediately available funds to the Trustee Closing Account. The Issuer shall cause the Trustee to hold all such funds in trust for the Note Purchasers pending completion of the closing of the transactions contemplated by this Note Purchase Agreement. Upon receipt by the Trustee of the aggregate Note Purchase Price from all Note Purchasers and the satisfaction of the conditions to closing set forth in Article VI, the Issuer shall cause the Trustee to disburse the Note Purchase Price in accordance with Section 3.3 of the Indenture. If the aggregate Note Purchase Price shall not have been received by the Trustee by 3:30 p.m. (New York City time) on the Closing Date, or if the closing of the transactions contemplated by the Note Purchase Agreements shall not otherwise be capable of being consummated by 3:30 p.m. (New York City time) on the Closing Date, then each Note Purchaser who has paid its respective portion of the Note Purchase Price shall have the right to instruct the Trustee in writing at or after 3:30 p.m. (New York City time) on the Closing Date to return, and the Issuer

shall cause the Trustee to return, such portion of the Note Purchase Price to such Note Purchaser prior to the close of business on the Closing Date or as soon thereafter as reasonably practicable.

If the Global Notes shall not be tendered for the benefit of any Note Purchaser in accordance with the foregoing provisions of this Section 3.1, or any of the conditions specified in Article VI shall not have been fulfilled to the satisfaction of any Note Purchaser, such Note

Purchaser shall, at its election, be relieved of all obligations (other than confidentiality obligations) under the applicable Note Purchase Agreement.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF PURCHASER

The Purchaser agrees and acknowledges that (x) the Issuer and Theravance and respective counsel to the Issuer and Theravance and counsel to the Placement Agent may rely upon the accuracy and performance of the representations, warranties and agreements of the Purchaser contained in this Article IV and (y) the Placement Agent may rely upon the accuracy and performance of the representations, warranties and agreements of the Purchaser contained in Sections 4.1, 4.2 and 4.4.

Section 4.1 Purchase for Investment and Restrictions on Resales. The Purchaser:

(a) acknowledges that the Original Notes have not been and will not be registered under the Securities Act or the Applicable Laws of any U.S. state or other jurisdiction relating to securities matters other than on the official list of the Cayman Islands Stock Exchange and may not be offered, sold, pledged or otherwise transferred except as set forth in the Memorandum, the Indenture and the legend regarding transfers on its Original Notes;

(b) agrees that, if it should resell or otherwise transfer the Original Notes, in whole or in part, it will do so only pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act and any other Applicable Laws relating to securities matters, including the Investment Company Act, the respective rules and regulations promulgated under any of the foregoing and the provisions of this Note Purchase Agreement, and only to a Person whom it reasonably believes, at the time any buy order for such Original Notes is originated, is (i) Theravance, the Issuer or any of their respective subsidiaries or (ii) a Qualified Purchaser who is not a Restricted Party that (x) is a QIB that purchases for its own account or for the account of a QIB, to whom notice is given that the transfer is being made in reliance on Rule 144A or (y) is a Non-U.S. Person outside the United States in an offshore transaction in compliance with Rule 903 or 904 of Regulation S (if available);

(c) agrees that it will give to each Person to whom it transfers the Original Notes, in whole or in part, notice of the restrictions on transfer of the Original Notes;

(d) agrees that it will cause any Person to whom it intends to transfer (or any prospective purchaser of) the Original Notes to execute and deliver to the Issuer a confidentiality agreement in the form attached as Exhibit B to the Indenture or in the form of the confidentiality agreement referenced in Schedule 1 and agrees not to make available or disclose any Information (as defined in Exhibit B to the Indenture) to such Person until such confidentiality agreement is so executed and delivered (and the parties hereto acknowledge and agree that after such Person executes and delivers such confidentiality agreement the Purchaser and its Affiliates (other than such Person if such Person is an Affiliate of the Purchaser) shall not be liable in respect of the actions or omissions to act of such Person with respect to such information), and the Purchaser

otherwise agrees to comply with the procedures relating to the execution and delivery of such confidentiality agreement set forth in the Indenture;

(e) acknowledges the restrictions and requirements applicable to transfers of the Original Notes described under the heading “Transfer Restrictions” in the Memorandum and contained in the Indenture and agrees that it will only offer or sell the Original Notes in accordance with such section and the Indenture and only to Permitted Holders; and

(f) represents that it is purchasing the Original Notes for investment purposes and not with a view to resale or distribution thereof in contravention of the requirements of the Securities Act.

Section 4.2 Purchaser Status. The Purchaser represents and warrants that, as of the date hereof, it is a Qualified Purchaser that is not a Restricted Party and (i) a QIB and is purchasing the Original Notes for its own account or for the account of a QIB, (ii) a Non-U.S. Person or (iii) an Institutional Accredited Investor.

Section 4.3 Source of Funds. The Purchaser represents, warrants and covenants that either:

(a) it is not a Plan and is not acting on behalf of a Plan or using Plan Assets to purchase an Original Note; or

(b) it is a Plan or is acting on behalf of a Plan or using Plan Assets to purchase an Original Note but the purchase and holding of such Original Note will not constitute or result in a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code, by reason of the application of one or more statutory or administrative exemptions or otherwise, and will not constitute or result in a violation of any Similar Laws.

Section 4.4 Due Diligence. The Purchaser acknowledges and agrees that: (i) the Counterparty Agreement generally imposes confidentiality obligations on information relating to or generated in connection with the agreement and performance thereunder, and, accordingly, the Purchaser has made, either alone or together with its advisors, such independent investigation of the Issuer, Theravance, in its individual capacity and in its capacity as the Servicer, Counterparty and their respective businesses, financial condition, prospects, managements, assets, obligations and related matters, and such separate and independent investigation of the Transferred Assets, as the Purchaser deems to be, or such advisors have advised to be, necessary or advisable in connection with the purchase of the Original Notes pursuant to the transactions contemplated by this Note Purchase Agreement, (ii) it and its advisors have

received all information and data that it and such advisors believe to be necessary in order to reach an informed decision as to the advisability of the purchase of the Original Notes pursuant to the transactions contemplated by this Note Purchase Agreement, (iii) it understands the nature of the potential risks and potential rewards of the purchase of the Original Notes, (iv) it is a sophisticated investor with investment experience and has the ability to bear complete loss of its investment, whether as a result of an Event of Default on the Original Notes, any termination of the Counterparty Agreement, any delay, reduction or termination of the Retained Royalty Payments, any breach of the

Counterparty Agreement by the Counterparty or any liquidation or winding up of the Issuer or otherwise, (v) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing the Original Notes and can bear the economic risks of investing in the Original Notes for an indefinite period of time, including the complete loss of its investment, (vi) it has received and reviewed the Memorandum, (vii) it has been furnished by the Issuer with an opportunity to review the Transaction Documents, (viii) it has had an opportunity to review the redacted copy of the Counterparty Agreement and amendments thereto, a copy of the Master Agreement and any other information provided in the dataroom relating to the offer of the Original Notes, (ix) neither the Issuer nor Theravance shall have any obligation or liability with respect to the allocations of resources, scope, intensity and duration of efforts or decisions and judgments made in connection with development and commercialization (including acts or omissions that result in, or increase the likelihood of, greater or lesser commercial success): (A) with respect to, or as among, any Products or (B) as among any one or more Products, on the one hand, and any Excluded Products, other products or therapeutically active components, on the other hand and (x) the Issuer, Theravance, and their respective Affiliates have in their possession, and in the future may come into possession of, and the Placement Agent, its Affiliates and any other Person, may now or in the future have in their possession, other projections, forecasts and estimates with respect to Theravance, the Products, the market in which the Products compete, the Issuer or other related matters that differ from the projections, forecasts and estimates provided in the Memorandum and in the report of L.E.K. Consulting LLC (the "Independent Consultant") with respect to the Products that is provided in the dataroom (the " Independent Consultant's Report"). The other projections, forecasts and estimates of the Issuer, Theravance, and their respective Affiliates are confidential and have not been made available to the Independent Consultant. In addition, there are also various projections, forecasts and estimates prepared by analysts and other third parties with respect to Theravance, the Products, the market in which the Products compete, the Issuer and other related matters. Some of the projections, forecasts and estimates described above are materially more optimistic than those in the Independent Consultant's Report and the Memorandum and others are materially more pessimistic than those in the Independent Consultant's Report and the Memorandum. The Purchaser acknowledges that it has obtained its own attorneys, business advisors and tax advisors as to legal, business and tax advice (or has decided not to obtain such advice) and has not relied in any respect on the Issuer, Theravance or the Placement Agent for such advice. The Purchaser further acknowledges and agrees that: (i) except as expressly set forth in this Note Purchase Agreement or the other Transaction Documents, neither the Issuer nor Theravance makes any representation or warranty with respect to any information, documents or materials furnished or made available to the Purchaser or any of its Affiliates in any presentation, interview or in any other form or manner relating to this Note Purchase Agreement, the other Transaction Documents or the Counterparty Agreement and (ii) neither the Issuer nor Theravance makes any implied representations or warranties whatsoever, including as to the future amount or potential amount of the Retained Royalty Payments, the creditworthiness of the Counterparty or any of its Affiliates or any other matter. Except for (A) the representations, warranties and covenants made by the Issuer and Theravance in this Note Purchase Agreement and the other Transaction Documents, (B) the legal opinions provided to the Trustee or the Note Purchasers in connection with the transactions contemplated by the

Transaction Documents and (C) the information in the Memorandum, the Purchaser is relying on its own investigation and analysis in entering into the transactions contemplated hereby.

Section 4.5 Enforceability of this Note Purchase Agreement. This Note Purchase Agreement has been duly authorized, executed and delivered by the Purchaser and constitutes the valid, legally binding and enforceable obligations of the Purchaser, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally and by general principles of equity.

Section 4.6 Counterparty; Counterparty Agreement. The Purchaser acknowledges and agrees that Counterparty is not a party to the transactions to which this Note Purchase Agreement relates, Counterparty has not participated in the preparation of any document related thereto, including the Memorandum, and Counterparty does not make any representations or warranties whatsoever with respect to the Counterparty Agreement, the transactions contemplated by the Memorandum or the Transaction Documents, including the issuance of the Original Notes by the Issuer, the value thereof, the value of the rights transferred by Theravance to the Issuer with respect thereto, the risks associated therewith or any other matter whatsoever. The Purchaser further acknowledges and agrees that neither the Purchaser nor the Trustee on the Purchaser's behalf shall have any rights under the Counterparty Agreement or be a third party beneficiary of the Counterparty Agreement nor shall the Purchaser or the Trustee on the Purchaser's behalf have any right to assert any claim against any of the Issuer, Theravance, the Counterparty or any other Person under the Counterparty Agreement.

Section 4.7 Confidentiality Agreement. The Purchaser acknowledges and agrees that it is bound by the terms and conditions of the confidentiality agreement referenced in Schedule 1 (including, if the Purchaser is not a party thereto, as if it were a party thereto), agrees to execute any documents reasonably requested by the Issuer to evidence such obligation and acknowledges and agrees that such confidentiality agreement remains in effect and will survive the execution and delivery of this Note Purchase Agreement and the closing of the purchase of the Original Notes pursuant to its terms.

Section 4.8 Tax Matters.

(a) Except as otherwise required by Applicable Law, the Purchaser agrees to treat, and shall treat, the Original Notes as indebtedness of the Issuer for U.S. federal income tax purposes.

(b) The Purchaser understands and acknowledges that failure to provide the Issuer, the Trustee or any Paying Agent with the applicable U.S. federal income tax certifications (generally, an IRS Form W-9 (or successor applicable form) in the case of a Person that is a United States person (within the meaning of Section 7701(a)(30) of the Code) or an appropriate IRS Form W-8 (or successor applicable form) in the case of a Person that is not a United States person (within the meaning of Section 7701(a)(30) of the Code)) may result in U.S. federal back-up withholding from payments in respect of the Original Notes.

Section 4.9 Reliance for Opinions. The Purchaser acknowledges and agrees that the Issuer and Theravance and, for purposes of the opinions to be delivered to the Purchaser pursuant to Sections 6.1 and 6.2 (to the extent such opinions relate to exemptions from registration and prospectus requirements under Applicable Law), counsel for the Issuer and Theravance and counsel for the Note Purchasers, respectively, may rely, without any independent verification thereof, upon the accuracy of the representations and warranties of the Purchaser, and compliance by the Purchaser with its agreements, contained in Sections 4.1, 4.2, 4.3 and 4.4, and the Purchaser hereby consents to such reliance.

Section 4.10 Additional Monetizations. The Purchaser acknowledges and agrees that notwithstanding anything to the contrary contained in any Transaction Document (i) the Issuer shall be entitled to acquire, hold, service, sell, transfer, assign, participate, pledge, collateralize, securitize and otherwise monetize, in whole or in part, royalty interests and other payments (that are not Retained Royalty Payments) derived directly or indirectly from the exploitation of intellectual property related to pharmaceutical products, including the remaining undivided percentage interest in the Royalty Payments and other amounts payable to Theravance or the Issuer pursuant to the Counterparty Agreement that do not constitute the Retained Royalty Payments, (ii) the Issuer shall be entitled to issue additional series of notes or other evidence of indebtedness in connection therewith and enter into additional indentures, loan and security agreements, loan agreements, credit agreements, purchase and sale agreements, warehouse agreements or other agreements in connection therewith, (iii) the Issuer shall be entitled to pledge its right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement and the Servicer under the Servicing Agreement and any and all proceeds thereof as collateral in connection with any sale, participation, transfer, assignment, collateralization, securitization or monetization, in whole or in part, of the remaining undivided percentage interest in the Royalty Payments that do not constitute the Retained Royalty Payments and the other amounts payable to Theravance or the Issuer pursuant to the Counterparty Agreement that do not constitute the Retained Royalty Payments and all proceeds and products thereof (so long as the ability to enforce such rights (x) does not adversely affect the Retained Royalty Payments or the Original Notes, for which purpose if such pledge (and the related remedies for enforcement thereof) is on substantially similar terms as the pledge under the Indenture but with respect to the property encumbered by such pledge, it shall be deemed not to adversely affect the Retained Royalty Payments or the Original Notes and (y) is no greater than the ability to enforce such rights under the Indenture) and (iv) the representations, warranties, covenants and agreements made by the Issuer hereunder and under the other Transaction Documents to which it is a party including the covenants made by the Issuer under Sections 5.2(h), 5.2(j)(iv) and (v), 5.2(m) and 5.2(o) of the Indenture, shall not limit the right of the Issuer to issue such additional series of notes or other evidence of indebtedness or enter into such other indentures, loan and security agreements, loan agreements, credit agreements, purchase and sale agreements, warehouse agreements or other agreements in connection therewith or to exercise its rights and perform its duties and obligations thereunder (provided, that any such actions will not adversely affect the Retained Royalty Payments or the Original Notes).

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE ISSUER AND THERAVANCE

Each of the Issuer and Theravance, jointly and severally, represents and warrants to the Purchaser as follows:

Section 5.1 Securities Laws.

(a) No securities of the same class (within the meaning of Rule 144A(d)(3)(i) under the Securities Act) as the Original Notes have been issued and sold by the Issuer within the six-month period immediately prior to the date hereof.

(b) Assuming the accuracy of the statements in the certificate to be delivered by the Placement Agent pursuant to Section 6.5, neither the Issuer or Theravance nor any affiliate (as defined in Rule 144 under the Securities Act) of the Issuer or Theravance has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of any security (as defined in the Securities Act) that is or will be integrated with the sale of the Original Notes in a manner that would require the registration under the Securities Act of the Original Notes or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Original Notes (as those terms are used in Regulation D under the Securities Act), or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act, including publication or release of articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television, radio or internet, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

(c) Assuming the accuracy of the representations and warranties of the Note Purchasers in each Note Purchase Agreement and assuming the accuracy of the statements in the certificate to be delivered by the Placement Agent pursuant to Section 6.5, (i) the Indenture is not required to be qualified under the Trust Indenture Act and (ii) no registration under the Securities Act of the Original Notes is required in connection with the sale of the Original Notes to the Note Purchasers as contemplated by the Note Purchase Agreements.

Section 5.2 Investment Company Act Matters. Assuming the accuracy of the representations and warranties of the Note Purchasers in each Note Purchase Agreement and after giving effect to the offering and sale of the Original Notes and the purchase by the Issuer of the Transferred Assets, the Issuer will not be required to register as an “investment company” within the meaning of the Investment Company Act.

Section 5.3 Governmental Authorizations. The execution and delivery by the Issuer or Theravance of the Transaction Documents to which the Issuer or Theravance is party, the performance by the Issuer or Theravance of its obligations thereunder and the consummation of any of the transactions contemplated thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority, except for the filing of a Current Report on Form 8-K with the SEC,

the filing of UCC financing statements, those previously obtained and those the failure of which to be obtained or made would not be a Material Adverse Change.

Section 5.4 Compliance with ERISA. The Issuer does not currently maintain and has not maintained any Plan. Each Plan maintained by Theravance has been operated and administered substantially in compliance with Applicable Law. Neither the Issuer nor Theravance has incurred any material liability or penalty or could be reasonably expected to incur any material liability or penalty pursuant to Title I or IV of ERISA or (with respect to its respective Plans, if any) pursuant to the Code. None of the Issuer, Theravance or any trade or business that is treated as a single employer with the Issuer or Theravance under Section 414 of the Code currently maintains or has maintained a pension plan that is subject to Title IV of ERISA. The execution and delivery of this Note Purchase Agreement and the issuance and sale of the Original Notes hereunder will not involve any non-exempt prohibited transaction described in Section 406(a)(1)(A)-(D) of ERISA or Section 4975(c)(1)(A)-(D) of the Code. The representation by the Issuer and Theravance in the preceding sentence is made in reliance upon and subject to the accuracy of the Note Purchasers' representation in Section 4.3 of each Note Purchase Agreement as to the sources of the funds used to pay the Note Purchase Price of the Original Notes to be purchased by the Note Purchasers.

Section 5.5 Use of Proceeds; Margin Regulations. Neither Theravance nor the Issuer is engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the Purchase Price or the proceeds of the sale of the Original Notes shall be used by Theravance or the Issuer, as applicable, for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

Section 5.6 Representations and Warranties Relating to the Issuer.

(a) The Issuer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all power and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted and to exercise its rights and to perform its obligations under the Transaction Documents to which it is a party. The Issuer is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect). The Issuer is not in liquidation or bankruptcy and has not become subject to a Voluntary Bankruptcy or an Involuntary Bankruptcy.

(b) The Issuer has not engaged in any activities or become subject to any Losses or other obligations since its organization (other than those activities and Losses incidental to (i) its organization and permitted by the Issuer Organizational Documents or (ii) the execution and performance of the Counterparty Agreement and the Transaction Documents to which it is a party and the activities referred to in or contemplated by such agreements), assuming, in respect of Losses or other obligations since its organization, the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely

performance by Theravance of its obligations under the Sale and Contribution Agreement. The Issuer has not made any distributions since its organization.

(c) None of the execution and delivery by the Issuer of any of the Transaction Documents to which the Issuer is party, the performance by the Issuer of the obligations contemplated thereby or the consummation of the transactions contemplated thereby will (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to or by which the Issuer or any of its assets or properties may be subject or bound, except where such violation would not have a Material Adverse Effect, (B) any contract, agreement, indenture, lease, license, deed, binding obligation or instrument to which the Issuer is a party or by which the Issuer or any of its assets or properties is bound, except where such violation would not have a Material Adverse Effect or (C) any of the organizational documents of the Issuer; or (ii) give rise to any additional right of termination, cancellation or acceleration of any right or obligation of the Issuer.

(d) Each Transaction Document to which the Issuer is a party has been duly authorized, executed and delivered by the Issuer.

(e) The Transaction Documents to which the Issuer is a party, when duly authorized, executed and delivered by the other party or parties thereto, and, in the case of the Original Notes, when issued and authenticated in accordance with the provisions of the Indenture, constitutes the legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(f) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, on the Closing Date, there exists no Event of Default nor any event that, had the Original Notes already been issued, would constitute a Default or an Event of Default.

(g) On the Closing Date, subject to the Liens created in favor of the Trustee and except for any other Permitted Liens, there exists no Lien over the assets of the Issuer.

(h) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, there is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena, other proceeding or, to the knowledge of the Issuer, investigation pending or, to the knowledge of the Issuer, threatened that challenges or seeks to prevent or delay the consummation of the transactions contemplated by the Transaction Documents.

(i) The Issuer has no Subsidiaries.

(j) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, the Issuer has good and marketable title to the assets and property constituting the Collateral, free and clear of any Liens other than Permitted Liens.

(k) Under the laws of the State of Delaware, the laws of the State of New York and U.S. federal law in force at the Closing Date, it is not necessary that any Transaction Document (other than evidences and perfection of the Liens) be filed, recorded or enrolled by the Issuer with any court or other Governmental Authority in any such jurisdictions or that any stamp, registration or similar Tax be paid by the Issuer on or in relation to any Transaction Document (other than filings with the SEC, Uniform Commercial Code financing statements set forth in Exhibit D to the Indenture, the notice to Counterparty contained in the Counterparty Instruction and the various consents and agreements, if any, pursuant to the Indenture).

(l) The Indenture creates in favor of the Trustee, for the benefit of the Noteholders, a valid and enforceable security interest in the Collateral, and, when financing statements in appropriate form are filed in the applicable filing offices, the security interest created under the Indenture shall constitute a fully perfected security interest in all right, title and interest of the Issuer in the Collateral to the extent perfection can be obtained by filing UCC financing statements. No other security agreement, financing statement or other public notice with respect to all or any part of the Collateral (other than any of the foregoing that is referenced in Exhibit D to the Indenture or otherwise names the Trustee as secured party) is on file or of record in any public office that perfects a valid security interest therein.

(m) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, the Issuer has determined, and by virtue of its entering into the transactions contemplated hereby and its authorization, execution and delivery of the Transaction Documents to which it is party, that its incurrence of indebtedness and any other liability hereunder or thereunder or contemplated hereby or thereby, (i) does not leave the fair saleable value of its assets less than the sum of its debts, liabilities and other obligations, including contingent liabilities, (ii) does not leave the present fair saleable value of its assets less than the amount that would be required to pay its probable liabilities on its existing debts, liabilities and other obligations, including contingent liabilities, as they become absolute and matured, (iii) does not leave it unable to realize upon its assets and pay its debts, liabilities and other obligations, including contingent obligations, as they mature, (iv) does not leave it with unreasonably small capital with which to engage in its business or unable to pay its debts as they mature, (v) will not cause it to become subject to any Voluntary Bankruptcy or Involuntary Bankruptcy and (vi) will not render it insolvent within the meaning of Section 101(32) of the Bankruptcy Code. The Issuer has not incurred and does not have present plans or intentions to incur debts or other obligations or liabilities beyond its ability to pay such debts or other obligations or liabilities as they become absolute and matured.

(n) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, no material adverse change in the business, financial condition, operations, earnings, performance or properties of the Issuer has occurred since its date of formation, other than its incurrence of indebtedness pursuant to the Indenture.

(o) The Issuer is an entity that is disregarded as separate from the initial Equityholder for U.S. federal income tax purposes. The Issuer has never filed any tax return or report under any name other than its exact legal name at the time of the applicable filing. The Issuer has filed (or caused to be filed) all tax returns and reports required by Applicable Law to have been filed by it and has paid all Taxes required to be paid by it. The Issuer does not have any express or implied obligation to indemnify any other Person with respect to Taxes.

(p) No step has been taken or is intended by the Issuer or, so far as it is aware, any other Person for the winding-up, liquidation, dissolution, administration, merger or consolidation or for the appointment of a receiver or administrator of the Issuer or all or any of its assets.

(q) Subject to Permitted Liens, the Issuer has not assigned or pledged any of its right, title or interest in the Collateral to anyone other than the Trustee.

(r) Assuming the accuracy of the representations and warranties of Theravance in the Sale and Contribution Agreement and the due and timely performance by Theravance of its obligations under the Sale and Contribution Agreement, the Issuer is in compliance with the requirements of all Applicable Laws, a breach of any of which would be a Material Adverse Change.

(s) The Issuer has the right under the Counterparty Agreement to direct the Counterparty to make Collaboration Payments to the Concentration Account.

Section 5.7 Other Representations and Warranties of Theravance.

(a) Each of the representations and warranties made by Theravance in Article III of the Sale and Contribution Agreement is hereby incorporated herein by reference as if fully set forth herein and given for the benefit of the Purchaser.

(b) As of their respective filing dates, the Theravance SEC Documents complied in all material respects with the requirements of the Exchange Act and none of the Theravance SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed document with the SEC.

(c) The Products are Collaboration Products (as such term is defined in the Counterparty Agreement).

(d) The Transferor is not in breach of the Counterparty Agreement where such breach would give rise to a right of the Counterparty to terminate the Counterparty Agreement.

ARTICLE VI
CONDITIONS TO CLOSING

The obligations of the Issuer and Theravance hereunder are subject to the execution by the Purchaser of the letter attached as Exhibit A.

The obligations of the Purchaser hereunder are subject to the accuracy, on and as of the date hereof and the Closing Date, of the representations and warranties of the Issuer and Theravance contained herein, to the accuracy of the statements of the Issuer and Theravance and their respective officers made in any certificates delivered pursuant hereto, to the performance by the Issuer and Theravance of their respective obligations hereunder and to each of the following additional terms and conditions:

Section 6.1 True Sale and Non-Consolidation Opinion and Transactional Opinion. Skadden, Arps, Slate, Meagher & Flom LLP shall have furnished (a) to the Trustee its reasoned opinion, addressed to the Trustee and dated the Closing Date, as to the sale, contribution, assignment, transfer, conveyance and granting by Theravance of the Transferred Assets to the Issuer constituting a true sale and capital contribution and not a secured loan and as to the non-consolidation of the Issuer in a bankruptcy proceeding of Theravance, which opinion shall be in form and substance reasonably satisfactory to the Note Purchasers, and (b) to the Note Purchasers its opinion as to certain other transactional matters, as special counsel to the Issuer and Theravance, addressed to the Note Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Note Purchasers.

Section 6.2 Note Purchaser's Counsel Opinions. Pillsbury Winthrop Shaw Pittman LLP, special counsel to the Note Purchasers, shall have furnished to the Note Purchasers (a) its reasoned opinions, each addressed to the Note Purchasers and dated the Closing Date, as to certain product clearance and validity matters, and (b) its opinion addressed to the Note Purchasers dated the Closing Date as to such matters related to the Transaction Documents as the Note Purchasers may reasonably request.

Section 6.3 Certification as to Note Purchase Agreement. Each of the Issuer and Theravance shall have furnished to the Note Purchasers a certificate, dated the Closing Date, of its respective Responsible Officer, stating that, as of the Closing Date, the representations and warranties of the Issuer or Theravance, as the case may be, in and incorporated into this Note Purchase Agreement are true and correct and the Issuer or Theravance, as the case may be, has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

Section 6.4 Authorizations. Each of the Issuer and Theravance shall have furnished to the Note Purchasers (i) certified copies of its respective organizational documents, including as such documents have been amended to effect the transactions contemplated by the Transaction

Documents, and (ii) a copy of the resolutions, consents or other documents, certified by a Responsible Officer of the Issuer or Theravance, as the case may be, as of the Closing Date, duly authorizing the execution, delivery and performance of the Transaction Documents to which it is a party and any other documents to be executed on or prior to the Closing Date by or on behalf of it in connection with the transactions contemplated thereby.

Section 6.5 Offering of Original Notes. The Placement Agent shall have delivered to the Issuer a certificate as to the manner of the offering of the Original Notes and the number and character of the offerees contacted, which certificate shall (a) state that the Placement Agent (i) did not solicit offers for, or offer, the Original Notes by means of any form of general solicitation or general advertising or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act and (ii) solicited offers for the Original Notes only from, and offered the Original Notes only to, Persons who it reasonably believed were Qualified Purchasers who are not Restricted Parties and are (A) QIBs or, if any such Person was buying for one or more institutional accounts for which such Person was acting as fiduciary or agent, only when such Person reasonably believed that each such account was a QIB, (B) in the case of offers outside the United States, Non-U.S. Persons in accordance with Rule 903 of Regulation S, and (C) to Institutional Accredited Investors and (B) represent that none of the Placement Agent or, to the knowledge of the Placement Agent, any managing member of the Placement Agent or any director, executive officer or other officer of the Placement Agent or any such managing member participating in the offering of the Original Notes is subject to disqualification under Rule 506(d) under the Securities Act, and shall further state that counsel to the Issuer and Theravance and to the Note Purchasers may rely thereon in rendering their respective opinions to be delivered hereunder.

Section 6.6 Use of Proceeds. The Issuer will apply the proceeds of the sale of the Original Notes as set forth in Section 1.1.

Section 6.7 CUSIP Numbers. Standard & Poor's CUSIP Service Bureau, as agent for the National Association of Insurance Commissioners, shall have issued CUSIP numbers and ISIN numbers for the Original Notes.

Section 6.8 Counterparty Agreement. The Counterparty Agreement shall be in full force and effect.

Section 6.9 Proceedings. All proceedings and legal matters incident to the formation and constitution of the Issuer and the issuance of the Original Notes, and all other legal matters relating to the Transaction Documents and the transactions contemplated hereby and thereby, shall be reasonably satisfactory in all material respects to the Purchaser, and the Issuer and Theravance shall have furnished to the Purchaser all documents and information that it or counsel to the Purchaser may reasonably request to enable them to pass upon such matters.

Section 6.10 Consummation of Transactions. All of the transactions contemplated by the Transaction Documents to be completed on or before the Closing Date shall have been consummated or shall be consummated concurrently with the transactions contemplated hereby in compliance with Applicable Law without amendment or waiver of any material condition

thereof, and the Purchaser shall have received executed copies of the Transaction Documents (which shall be in full force and effect).

Section 6.11 No Actions. No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any Governmental Authority that would, as of the Closing Date, prevent the issuance or sale of the Original Notes, and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued as of the Closing Date that would prevent the issuance or sale of the Original Notes.

Section 6.12 Compliance with Laws. If requested by a Note Purchaser, the Issuer shall have provided such Note Purchaser with such information as it may reasonably request to enable such Note Purchaser to determine whether such purchase shall (i) be permitted by the Applicable Laws of each jurisdiction to which such Note Purchaser is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law)

permitting limited investments by insurance companies without restriction as to the character of the particular investment and (ii) not violate any Applicable Law (including Regulation T, U or X of the Board of Governors of the Federal Reserve System).

Section 6.13 Investment Company Act Matters. The Issuer shall have instructed DTC to send the Important Section 3(c)(7) Notice to all DTC participants in connection with the offering of the Original Notes.

Section 6.14 No Default; No Event of Default. There exists no Event of Default nor any event that, had the Original Notes already been issued, would constitute a Default or an Event of Default.

ARTICLE VII
ADDITIONAL COVENANTS

Section 7.1 DTC. The Issuer will, and Theravance will cause the Issuer to, use reasonable best efforts to comply with the agreements set forth in the representation letter of the Issuer to DTC relating to the approval of the Original Notes by DTC for "book-entry" transfer.

Section 7.2 Expenses. The Issuer and Theravance jointly and severally agree to pay or cause to be paid from the proceeds of the issuance of the Original Notes all reasonable, documented Transaction Expenses of Pillsbury Winthrop Shaw Pittman LLP, acting as special counsel to the Note Purchasers, in an amount not in excess of the amount set forth in Section 3 of the letter agreement dated March 21, 2014 between Theravance and the Placement Agent, it being understood that neither the Issuer nor Theravance will reimburse any other expenses of any Note Purchasers (including expenses of any other counsel).

Section 7.3 Cayman Listing. The Issuer shall use its commercially reasonable best efforts to affect the listing of the Original Notes on the Cayman Islands Stock Exchange and to maintain such listing on the Cayman Islands Stock Exchange as promptly as practicable on or after the Closing Date.

Section 7.4 Counterparty Instruction. As soon as practicable following the Closing on the Closing Date, the Issuer or Theravance shall provide the Counterparty Instruction to the Counterparty pursuant to Section 6.2(b) of the Sale and Contribution Agreement and provide a copy of the Counterparty Instruction to the Note Purchasers.

Section 7.5 Filing of Financing Statements. As soon as practicable following the Closing on the Closing Date, the Issuer shall file financing statements under the UCC and other recordings required to be made to perfect a security interest in the Transferred Assets sold, contributed, assigned, transferred, conveyed and granted on the Closing Date to the Issuer and the Collateral, including those specified in Exhibit D to the Indenture.

ARTICLE VIII
SURVIVAL OF CERTAIN PROVISIONS

Section 8.1 Survival of Certain Provisions. The representations, warranties, covenants and agreements contained in this Note Purchase Agreement shall survive (a) the execution and delivery of this Note Purchase Agreement and the Original Notes and (b) the purchase or transfer by any Note Purchaser of any Original Note or portion thereof or interest therein. All such provisions are binding upon and may be relied upon by any subsequent holder or beneficial owner of an Original Note, regardless of any investigation made at any time by or on behalf of any Note Purchaser or any other holder or beneficial owner of an Original Note. All statements contained in any certificate or other instrument delivered by or on behalf of any party hereto pursuant to this Note Purchase Agreement shall be deemed to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by or on behalf of any such party. For the avoidance of doubt, all representations, warranties and covenants in this Note Purchase Agreement, in any other Transaction Document or in any certificate or other instrument delivered pursuant hereto or thereto are made as of the date specified herein or therein, as applicable, and neither Theravance nor the Issuer shall be under any obligation to reaffirm any representations, warranties or covenants made herein or therein on any subsequent date. Only a Person who is not a Restricted Party may make any claim against Theravance or the Issuer with respect to any breach of any representation, warranty or covenant contained in any such document.

This Note Purchase Agreement and the other Transaction Documents embody the entire agreement and understanding among the parties hereto and supersede all prior agreements and understandings relating to the subject matter hereof, other than the separate Confidentiality Agreements entered into between each Note Purchaser and Theravance or the Issuer, as applicable, relating to the transactions contemplated hereby.

ARTICLE IX
NOTICES

Section 9.1 Notices. All statements, requests, notices and agreements hereunder shall be in writing and delivered by hand, mail, overnight courier or telefax as follows:

(a) if to the Purchaser, in accordance with Schedule 1;

(b) if to the Issuer, in accordance with Section 12.5 of the Indenture; and

(c) if to Theravance, in accordance with Section 8.3 of the Sale and Contribution Agreement.

ARTICLE X
SUCCESSORS AND ASSIGNS

Section 10.1 Successors and Assigns. This Note Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors, permitted assignees and permitted transferees. So long as any of the Original Notes are Outstanding, neither the Issuer nor

Theravance may assign any of its rights or obligations hereunder or any interest herein, other than to a successor in interest to Theravance in accordance with the Transaction Documents, without the prior written consent of the Purchaser.

ARTICLE XI
SEVERABILITY

Section 11.1 Severability. Any provision of this Note Purchase Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by Applicable Law) not invalidate or render unenforceable such provision in any other jurisdiction.

ARTICLE XII
WAIVER OF JURY TRIAL

Section 12.1 WAIVER OF JURY TRIAL. THE PURCHASER, THE ISSUER AND THERAVANCE HEREBY WAIVE TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS NOTE PURCHASE AGREEMENT.

ARTICLE XIII
GOVERNING LAW; CONSENT TO JURISDICTION

Section 13.1 Governing Law; Consent to Jurisdiction. THIS NOTE PURCHASE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. The parties hereto hereby submit to the non-exclusive jurisdiction of the federal and state courts of

competent jurisdiction in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Note Purchase Agreement or the transactions contemplated hereby.

ARTICLE XIV
COUNTERPARTS

Section 14.1 Counterparts. This Note Purchase Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Note Purchase Agreement. Any counterpart may be executed by facsimile or other electronic transmission, and such facsimile or other electronic transmission shall be deemed an original.

ARTICLE XV
TABLE OF CONTENTS AND HEADINGS

Section 15.1 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Note Purchase Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

ARTICLE XVI
TAX DISCLOSURE

Section 16.1 Tax Disclosure. Notwithstanding anything expressed or implied to the contrary herein, the Purchaser and its respective employees, representatives and agents may disclose to any and all Persons, without limitation of any kind, the tax treatment and the tax structure of the transactions contemplated by this Note Purchase Agreement and the agreements and instruments referred to herein and all materials of any kind (including opinions or other tax analyses) that are provided to the Purchaser relating to such tax treatment and tax structure; provided, however, that neither the Purchaser nor any employee, representative or other agent thereof shall disclose any other information that is not relevant to understanding the tax treatment and tax structure of such transactions (including the identity of any party and any information that could lead another to determine the identity of any party) or any other information to the extent that such disclosure could reasonably result in a violation of any Applicable Law relating to federal or state securities matters. For these purposes, the tax treatment of the transactions contemplated by this Note Purchase Agreement and the agreements and instruments referred to herein means the purported or claimed U.S. federal or state tax treatment of such transactions. Moreover, the tax structure of the transactions contemplated by this Note Purchase Agreement and the agreements and instruments referred to herein includes any fact that may be relevant to understanding the purported or claimed U.S. federal or state tax treatment of such transactions.

ARTICLE XVII
MISCELLANEOUS

Section 17.1 Limited Recourse. Each of the parties hereto accepts that the enforceability against the Issuer of any obligations of the Issuer hereunder shall be limited to the Collateral. Once all such Collateral has been realized upon and such Collateral has been applied in accordance with Article III of the Indenture, any outstanding obligations of the Issuer shall be extinguished. Each of the parties hereto further agrees that it shall take no action against any employee, partner, director, officer, member, counsel, manager, representative or administrator of the Issuer or the Trustee under this Note Purchase Agreement; provided, that nothing herein shall limit the Issuer (or its permitted successors or assigns, including any party hereto that becomes such a successor or assign) from pursuing claims, if any, against any such Person. The provisions of this Section 17.1 shall survive termination of this Note Purchase Agreement and the Indenture; provided, further, that the foregoing shall not in any way limit, impair or otherwise affect any rights of any party to

proceed against any employee, partner, director, officer, member, counsel, manager, representative or administrator of the Issuer (a) for intentional and willful fraud or intentional and willful misrepresentations on the part of or by such employee, partner, director, officer, member, counsel, manager, representative or administrator or (b) for the receipt of any distributions or payments to which the Issuer or any successor in interest is entitled, other than distributions expressly permitted pursuant to the other Transaction Documents. For the avoidance of doubt, this Section 17.1 does not affect the ability of the Trustee or any Noteholder to exercise any rights or remedies it may have under the Indenture.

Section 17.2 Distribution Reports. Each party hereto acknowledges and agrees that the Trustee may effect delivery of any Distribution Report (including the materials accompanying such Distribution Report) by making such Distribution Report and accompanying materials available by posting such Distribution Report and accompanying materials on IntraLinks or a substantially similar electronic transmission system; provided, however, that, upon written notice to the Trustee, any Noteholder may decline to receive such Distribution Report and accompanying materials via IntraLinks or a substantially similar electronic transmission system, in which case such Distribution Report and accompanying materials shall be provided as otherwise set forth in the Transaction Documents. Subject to the conditions set forth in the proviso in the preceding sentence, nothing in this Section 17.2 shall prejudice the right of the Trustee to make such Distribution Report and accompanying materials available in any other manner specified in the Transaction Documents.

Section 17.3 Confidentiality. Except as otherwise required by Applicable Law or judicial or administrative proceedings (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation demand or similar process) or the rules and regulations of any securities exchange or trading system or any Governmental Authority or pursuant to requests from regulatory agencies having oversight over the Issuer or its Representatives or in connection with the enforcement of any Transaction Document or as otherwise set forth in this Section 17.3, the Issuer will, and will cause each of its Affiliates, directors, officers, employees, agents and representatives who receive such information (collectively, its "Representatives") to, treat and hold as confidential and not disclose to any

Person any and all confidential information furnished to it by the Purchaser, including the information in Schedule 1 and the identity of any shareholders, members, directors or Affiliates of the Purchaser, and to use any such confidential information only in connection with this Note Purchase Agreement and any other Transaction Document and the transactions contemplated hereby and thereby. Notwithstanding the foregoing, the Issuer and its Representatives may disclose such information on a need-to-know basis to its or their respective Representatives, members, managers, brokers, advisors, lawyers, accountants, bankers, trustees, investors, co-investors, insurers, insurance brokers, underwriters and financing parties; provided, however, that such Persons shall be informed of the confidential nature of such information and shall be obligated to keep such confidential information confidential pursuant to obligations of confidentiality substantially similar to those set forth herein. In addition, except as required by Applicable Law or judicial or administrative proceedings (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation demand or similar process) and except as otherwise set forth in this Section 17.3, neither the Issuer nor any of its Affiliates shall disclose to any Person, or use or include in any public announcement or any public filing, the identity of any shareholders, members, directors or Affiliates of the Purchaser in relation to the transactions contemplated by the Transaction Documents, without the prior written consent of such shareholder, member, director or Affiliate.

The confidentiality obligations of the Purchaser under the confidentiality agreement referenced in Schedule 1 are hereby incorporated by reference herein. The Purchaser hereby agrees to be bound by such obligations until the later of: (i) the date specified in such confidentiality agreement as the date on which such obligations shall terminate and (ii) the date that is 18 months following the date that the Purchaser ceases to have an interest in the Original Notes, whether through a sale of its interest, the maturity or repayment of its interest or otherwise.

{SIGNATURE PAGE FOLLOWS}

If the foregoing is in accordance with your understanding of this Note Purchase Agreement, kindly sign and return to us one of the counterparts hereof, whereupon it will become a binding agreement between us and you in accordance with its terms.

Very truly yours,

LABA ROYALTY SUB LLC

By: _____
Name:
Title:

THERAVANCE, INC.

By: _____
Name:
Title:

[PURCHASER SIGNATURE PAGE]

SCHEDULE 1

Confidentiality Agreement Referenced In Section 4.7:
Date: , 2014
Parties: LABA Royalty Sub LLC and

Purchaser	Principal Amount of Original Notes	Notice Information

EXHIBIT A

[LEK Letterhead]

April 17, 2014

L.E.K. Non Reliance Letter

Project Thunder: L.E.K. Final Report Dated March 18, 2014 ("Final Report")

We are writing to confirm the terms upon which we are prepared to disclose a copy of the Final Report to you. You acknowledge that this letter is intended to be legally binding between us.

1. Introduction

1.1. The Final Report has been prepared at the request of Theravance, Inc. (the "Client") which is contemplating the sale by the Client's wholly-owned subsidiary, LABA Royalty Sub LLC (the "Issuer"), of $450,000,000 in aggregate principal amount of the Issuer's LABA PhaRMA℠ 9.0% Fixed Rate Term Notes due 2029 in transactions exempt from the registration requirements of the Securities Act (the "Transaction").

1.2. Upon your accepting the terms of this letter and confirming such acceptance by signing and returning to us a copy of this letter, we will disclose to you a copy of the Final Report addressed to the Client.

2. Final Report

2.1. The Final Report has been prepared for the sole benefit and use of the Client upon instructions received from the Client.

2.2. Your interests and priorities are not known to us and have not been considered in the preparation of the Final Report.

3. Disclosure

3.1. The Final Report is confidential, and in consideration of you keeping it confidential, we shall disclose a copy to you for your reference in connection with the proposed Financing of the Transaction. You are not permitted to use the Final Report for any other purpose and you are not permitted to copy, publish, quote or share content from, disclose or circulate the Final Report or any part of it.

3.2. You may refer to the Final Report but the Final Report must be construed in the context in which it was prepared including the constraints relating to availability of time and information, the quality of that information, the instructions agreed with the Client and our assumptions and qualifications, in each case, as more fully set out in the Final Report.

3.3. You are not permitted to rely on the Final Report. You accept that we would not disclose the Final Report to you if you intended to rely on it without implementing additional measures protecting our position.

3.4. Your reference to the Final Report is not a substitute for the investigations you would ordinarily undertake or those investigations that you would be recommended to make given your involvement in or in connection to the Transaction.

3.5. Notwithstanding paragraph 3.1:

(a) you may disclose a copy of the Final Report to third parties as required by law;

(b) you may disclose a copy of the Final Report to legitimate authorities in the discharge of regulatory obligations;

(c) you may disclose a copy of the Final Report to those of your directors, officers, employees, professional advisers and affiliates (and such affiliates' directors, officers, employees and professional advisers) who require disclosure in order to consider and pursue the Transaction;

provided that, in the case of paragraph 3.5(c) you ensure that the recipients: (i) accept disclosure of the Final Report on a non-reliance basis and without liability to L.E.K. and (ii) abide by the terms of paragraphs 3.1, 3.2, 3.3, 3.4, 3.5(a) and 3.5(b) as if they were legally bound by this letter.

3.6. Upon written request by L.E.K. you shall provide us with identification details of the recipients of the Final Report.

3.7. You accept that all costs and expenses (including related legal and professional adviser expenses) incurred by L.E.K. in discharging or extinguishing L.E.K. liability to third parties arising from or as a result of your breach of the terms of this paragraph 3 shall be foreseeable and recoverable as loss and damage.

4. Limitation of Liability

4.1. You are not a client of L.E.K. and we owe no obligations or duties to you in respect of the Final Report whether in contract, tort (including negligence), breach of statutory duty or otherwise.

4.2. Neither L.E.K. nor the Related Persons shall have any liability to you or any third party for any loss or damage arising out of or in connection with, the disclosure of the Final Report by us to you, the receipt by any third party of the Final Report through you, or any reliance placed on, or use of, the Final Report by you or any third party, howsoever arising, whether arising in or caused by breach of contract, tort (including negligence), breach of statutory duty or otherwise.

4.3. All Related Persons shall, subject to paragraph 5.2, have the benefit of and may enforce all exclusions and limitations of liability to which L.E.K. has the benefit under this letter.

4.4. Nothing in this letter shall exclude or in any way limit the liability of L.E.K. or any Related Persons to you for (i) fraud, (ii) death or personal injury caused by L.E.K.'s negligence (including negligence as defined in s. 1 Unfair Contract Terms Act 1977), (iii) breach of terms regarding title implied by s. 2 Supply of Goods and Services Act 1982, or (iv) any liability to the extent the same may not be excluded or limited as a matter of law (including under the Financial Services and Markets Act 2000).

5. General

5.1. This letter is for your personal benefit, and you are not permitted to charge, to declare a trust in respect of, delegate or transfer, any rights or obligations arising out of or in connection with this letter.

5.2. Except as stated in this paragraph 5.2, the Contracts (Rights of Third Parties) Act 1999 shall not apply to this letter. Any term of this letter which purports to confer a benefit on Related Persons (including, without limitation, any term excluding or limiting liability), may be enforced by such Related Persons, provided that no such Related Persons shall be entitled to enforce such term without L.E.K.'s prior written consent.

5.3. The parties to this letter may, by agreement, rescind this letter or vary it in any way without the consent of any Related Persons notwithstanding that a Related Person has relied on or indicated assent to any term of this letter.

5.4. No variation of any term of this letter shall be effective unless recorded in writing and signed by an authorised representative of each party.

5.5. If any term of this letter is found to be illegal, invalid or unenforceable under any applicable law, such term shall, insofar as it is severable from the remaining terms, be deemed omitted from this letter and shall in no way affect the legality, validity or enforceability of the remaining terms.

5.6. In this letter, the following expressions shall have the following meanings:

"**L.E.K.**" means L.E.K. Consulting (International) Limited a limited liability company incorporated in England and Wales under number 2218120 and having its registered office at 40 Grosvenor Place, London, SW1X 7JL, and the expressions "we" or "us" shall be construed accordingly;

"**Related Persons**" means an Associated Company and all employees, and agents and contractors of L.E.K. and of any Associated Company, provided that, the expression "Related Persons" shall not include L.E.K.;

"**Associated Company**" means, in relation to L.E.K., (i) a partnership, company or other legal entity (anywhere in the world) which is L.E.K. 's ultimate holding partnership, holding company or other ultimate holding legal entity and (ii) each direct and indirect subsidiary company, subsidiary partnership or other subsidiary legal entity of the legal entity identified under point (i) to the extent of a holding or interest of 50% or more in such company, partnership or entity, and (iii) each associated company or associated partnership or other associated legal entity, whether directly or indirectly owned or controlled by or in common

ownership or control with L.E.K. or any of the legal entities identified under points (i) or (ii) to the extent of a holding or interest of 20% or more in such company, partnership or entity, provided that, the expression "Associated Company" shall not include L.E.K.

6. Governing Law and Jurisdiction

6.1. This letter and all non-contractual obligations arising from or connected with this letter shall be governed by the laws of England. Each party irrevocably submits to the exclusive jurisdiction of the courts of England over any claim or matter arising under or connection with this letter.

6.2. This letter contains all the terms agreed between the parties regarding its subject matter and supersedes any prior agreement, understanding or arrangement between the parties, whether oral or in writing. No representation, undertaking or promise shall be taken to have been given or be implied from anything said or written in negotiations between the parties prior to signing this letter. There are no conditions, warranties, representations or terms, express or implied, that are binding on us except as specifically stated in this letter.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

Please confirm your acceptance of the terms of this letter by signing and returning to us a hard copy of this letter.

Signed for and on behalf of L.E.K. Consulting (International) Limited:

Director	**Director**

We acknowledge and accept the terms of this letter.

Signed and agreed by _____

_____
Name

_____
Title

_____
Signature

_____
Date

INDENTURE

dated as of April 17, 2014

by and between

LABA ROYALTY SUB LLC,
a Delaware limited liability company,
as issuer of the Notes described herein,

and

U.S. BANK NATIONAL ASSOCIATION,
a national banking association,
as initial trustee of the Notes described herein

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INDENTURE

This INDENTURE, dated as of April 17, 2014, is by and between LABA ROYALTY SUB LLC, a Delaware limited liability company, as issuer of the Notes described herein, and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as initial trustee of the Notes described herein.

GRANTING CLAUSES

The Issuer hereby Grants to the Trustee, for the benefit and security of the Secured Parties, all of the Issuer's right, title and interest in, to and under, in each case, whether now owned or existing, or hereafter acquired or arising thereafter, in the following described property, rights and privileges (such property, rights and privileges, including all other property, rights and privileges hereafter specifically subjected to the lien of this Indenture or any indenture supplemental hereto, in each case whether now owned or hereafter acquired, being collectively referred to herein as the "Collateral"):

(1) (A) the Collection Account established under this Indenture, (B) all amounts from time to time on deposit in or otherwise credited to the Collection Account, (C) all cash, financial assets and other investment property, instruments, documents, chattel paper, general intangibles, accounts and other property from time to time credited to the Collection Account or representing investments and reinvestments of amounts credited to the Collection Account and (D) all interest, principal payments, dividends and other distributions payable on or with respect to, and all proceeds of, (i) all property so credited or representing such investments and reinvestments and (ii) the Collection Account;

(2) the right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement;

(3) the right to enforce the representations, warranties and covenants made by the Servicer under the Servicing Agreement; and

(4) all proceeds and products of any and all of the foregoing property.

These Grants are made in order to secure (i) the prompt payment of the principal of, Premium (if any) and interest on, and all other amounts due with respect to, the Notes from time to time Outstanding hereunder, equally and ratably without prejudice, priority or distinction between any Note and any other Notes except as expressly provided herein, (ii) the payment of any fees, expenses or other amounts that the Issuer is obligated to pay under or in respect of the Notes or this Indenture, (iii) the payment and performance of all the obligations of the Issuer in respect of any amendment, modification, extension, renewal or refinancing of the Notes and (iv) the performance and observance by the Issuer of all the agreements, covenants and provisions expressed or implied herein and in the Notes for the benefit of the Secured Parties (collectively, the "Secured Obligations"), in each case in accordance with and subject to the allocation priorities and the Priority of Payments set forth in Article III, and for the uses and purposes and subject to the terms and provisions hereof.

The Issuer shall file, and hereby authorizes the filing of, all financing or continuation statements, and amendments thereto, in all jurisdictions and with all filing offices as are necessary or advisable to perfect the security interests in the Collateral granted to the Trustee pursuant to this Indenture. Such financing statements may describe the Collateral in the same manner as described in any security agreement entered into by the parties in connection herewith or may contain an indication or description of Collateral that describes such property in any other manner as is necessary, advisable or prudent to ensure the perfection of the security interests in the Collateral granted to the Trustee in connection herewith. Nothing herein shall be construed as imposing a duty upon the Trustee to determine the jurisdictions or filing offices in which such filings should be made or to make such filings.

Except to the extent otherwise provided in this Indenture, the Issuer does hereby constitute and irrevocably appoint (until this Indenture is terminated) the Trustee its true and lawful attorney with full power (in the name of the Issuer or otherwise) to exercise the rights of the Issuer with respect to the Collateral held for the benefit and security of the Secured Parties (which power of attorney with respect to the right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement and the right to enforce the representations, warranties and covenants made by the Servicer under the Servicing Agreement will be solely to the extent affecting the Retained Royalty Payments) and to ask, require, demand, receive, settle, compromise, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of any of the Collateral held for the benefit and security of the Secured Parties, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may deem to be necessary or advisable in the premises. The power of attorney granted to the Trustee pursuant to this Indenture and all authority hereby conferred are granted and conferred solely to protect the Trustee's interest in the Collateral held for the benefit and security of the Secured Parties and shall not impose any duty upon the Trustee to exercise any power except as expressly provided herein or in any other Transaction Documents. This power of attorney shall be irrevocable as one coupled with an interest prior to the payment in full of all the obligations secured hereby.

This Indenture shall constitute a security agreement under the laws of the State of New York applicable to agreements made and to be performed therein. Upon the occurrence of any Event of Default with respect to the Notes, and in addition to any other rights available under this Indenture or any other instruments included in the Collateral held for the benefit and security of the Secured Party or otherwise available at law or in equity, the Trustee shall have all rights and remedies of a secured party on default under the laws of the State of New York and other Applicable Law to enforce the assignments and security interests contained herein and, in addition, shall have the right, subject to compliance with any mandatory requirements of Applicable Law, to sell or apply any rights and other interests assigned or pledged hereby in accordance with the terms hereof at public or private sale (subject, for the avoidance of doubt, to the rights of the Noteholders, as applicable, under the relevant Transaction Documents to instruct the Trustee in the exercise of such rights and remedies).

It is expressly agreed that the Issuer shall remain liable under each of the Transaction Documents and other agreements to which the Issuer is a party to perform (or to engage the Servicer (or, to the extent permitted under the Transaction Documents, other third parties) to

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perform on its behalf) all of its obligations thereunder, all in accordance with and pursuant to the terms and provisions thereof, and except as otherwise expressly provided herein, the Trustee shall not have any obligations or liabilities under such agreements by reason of or arising out of the Grants set forth in this Indenture, nor shall the Trustee be required or obligated in any manner to perform or fulfill any obligations of the Issuer under or pursuant to such agreements or to make any payment, to make any inquiry as to the nature or sufficiency of any payment received by it, to present or file any claim, or to take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled from time to time; provided, however, that, in exercising any right of the Issuer under any Transaction Document or any other contract or agreement included in the Collateral, the Trustee and the Noteholders shall be bound by, and shall comply with, the provisions thereof applicable to the Issuer in respect of the exercise of such right and the confidentiality provisions set forth therein to the extent permitted by Applicable Law.

The Trustee acknowledges such Grants, accepts the trusts hereunder in accordance with the provisions hereof and agrees to perform the duties herein required in accordance with, and subject to, the terms hereof.

Each Noteholder shall be deemed to acknowledge and agree by its acceptance of its interest in the Notes, to the terms of this Indenture and the other Transaction Documents, including the application of the proceeds of the Collateral in accordance with the Priority of Payments on each Payment Date both before and after an acceleration of the Notes and the liquidation of the Collateral following the occurrence and during continuation of an Event of Default, and will not take any actions contrary to such terms and will take such actions as may be reasonably requested by the Trustee at the direction of the Noteholders, pursuant to the terms of this Indenture in furtherance of such terms.

Each Noteholder shall be deemed to further acknowledge and agree by its acceptance of its interest in the Notes, and each party hereto acknowledges and agrees, that the Concentration Account and the Milestone Payment Reserve Account shall be established and maintained in the name of the Issuer; provided, however, that under no circumstance, including the occurrence of an Event of Default (i) shall there be a pledge of the Concentration Account or the Milestone Payment Reserve Account (or in each case any of the Issuer's rights thereunder, including any residual intellectual property rights of the Issuer that may arise under the Counterparty Agreement) to secure the Issuer's obligations under this Indenture; (ii) shall there be a pledge of the Counterparty Agreement (or any rights thereunder) to secure the Issuer's obligations under this Indenture; (iii) shall either the Noteholders or the Trustee on their behalf be

a party to or third party beneficiaries of the Counterparty Agreement; and (iv) shall any Noteholder be able to assert, or the Trustee on behalf of the Noteholders be able to assert, any claim against the Issuer, Theravance, the Counterparty or any other Person under the Counterparty Agreement.

Each Noteholder shall be deemed to further acknowledge and agree by its acceptance of its interest in the Notes, and each party hereto further acknowledges and agrees that the collateralization, securitization or monetization of the Collateral shall be limited in recourse to the Collateral that generate the revenue under the collateralization, securitization or monetization and other assets and property related or incidental thereto. As a condition to the purchase of the Original Notes, each Noteholder shall be deemed to agree to the absence of any interest in the

Excluded Property and the inability to take any action against or in respect of the Excluded Property in connection with the exercise of remedies upon the occurrence and continuation of an Event of Default or otherwise.

ARTICLE I
GENERAL

Section 1.1 Defined Terms and Rules of Construction. Capitalized terms used but not otherwise defined in this Indenture shall have the respective meanings given to such terms in Annex A, which is hereby incorporated by reference herein. The rules of construction set forth in Annex A shall apply to this Indenture and are hereby incorporated by reference herein.

Section 1.2 Officer's Certificates and Opinions. Upon any application or request by the Issuer to the Trustee following the Closing Date to take any action under any provision of this Indenture, the Issuer shall furnish to the Trustee an Officer's Certificate stating that, in the opinion of the signer thereof in his or her capacity as such, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional Officer's Certificate or Opinion of Counsel need be furnished.

Every Officer's Certificate or Opinion of Counsel with respect to compliance with a condition precedent or covenant provided for in this Indenture or any indenture supplemental hereto shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition precedent and the definitions in this Indenture relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement to the effect that, in the opinion of each such individual in his or her capacity as such, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition precedent or covenant has been complied with.

Section 1.3 Acts of Noteholders.

(a) Any direction, consent, waiver or other action provided by this Indenture in respect of the Notes of any class to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent or proxy duly appointed in writing, and, except as herein otherwise

expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee or to the Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose under this Indenture and conclusive in favor of the Trustee or the Issuer, if made in the manner provided in this Section 1.3(a).

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction authorized to take acknowledgments of deeds or administer oaths that the Person executing such instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or such other officer and, where such execution is by an officer of a corporation or association, trustee of a trust or member of a partnership, on behalf of such corporation, association, trust or partnership, such certificate or affidavit shall also constitute sufficient proof of his or her authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner that the Trustee deems sufficient.

(c) In determining whether the Noteholders or Beneficial Holders have given any Direction under this Indenture or any other Transaction Document, Notes owned by Noteholders and Beneficial Holders that have not delivered either a Confidentiality Agreement or a written certification in the form attached as Exhibit H to this Indenture that the Noteholder or Beneficial Holder is not a Restricted Party, any other Non-Permitted Holder, the Issuer, the Equityholder or any Affiliate of any such Person shall be disregarded and deemed not to be Outstanding for purposes of any such determination. In determining whether the Trustee shall be protected in relying upon any such Direction, only Notes and Beneficial Interests in respect of which the Trustee has received a Confidentiality Agreement or a written certification in the form attached as Exhibit H to this Indenture that the Noteholder or Beneficial Holder is not a Restricted Party shall be included. Notwithstanding the foregoing, if any such Person or Persons (other than any Noteholder or Beneficial Holder that has not delivered a Confidentiality Agreement or a written certification in the form attached as Exhibit H to this Indenture that it is not a Restricted Party) owns 100% of the Notes of any class Outstanding, such Notes shall not be so disregarded as aforesaid.

(d) Notwithstanding the definition of "Record Date," the Issuer may, at its option, by delivery of Officer's Certificate(s) to the Trustee, set a record date other than the Record Date to determine the Noteholders in respect of the Notes of any class entitled to give any Direction in respect of such Notes. Such record date shall be the record date specified in such Officer's Certificate, which shall be a date not more than thirty (30) days prior to the first solicitation of Noteholders in connection therewith. If such a record date is fixed, such Direction may be given before or after such record date, but only the Noteholders of the applicable class at the close of business on such record date shall be deemed to be Noteholders for the purposes of determining whether Noteholders holding the requisite proportion of Outstanding Notes of such class have authorized, agreed or consented to such Direction, and for that purpose the Outstanding Notes of such class shall be computed as of such record date; provided, that no such Direction by the Noteholders on such record date shall be deemed effective unless it shall

become effective pursuant to the provisions of this Indenture not later than one year after the record date.

(e) Any Direction or other action by the Noteholder of any Note shall bind the Noteholder of every Note issued upon the transfer thereof, in exchange therefor or in lieu thereof, whether or not notation of such action is made upon such Note, and any Direction or other action by the Beneficial Holder of any Beneficial Interest in any Note shall bind any transferee of such Beneficial Interest.

ARTICLE II
THE NOTES

Section 2.1 Amount of Notes; Terms; Form; Execution and Delivery.

(a) Except in respect of deferred interest added to the principal balance of the Original Notes (or any Refinancing Notes in respect of the Original Notes) pursuant to Section 3.7(a), the Outstanding Principal Balance of any class of Notes that may be authenticated and delivered from time to time under this Indenture shall not exceed, with respect to the Original Notes, the initial Outstanding Principal Balance for the Original Notes in the amount of $450,000,000, or, with respect to any class (or sub-class) of Subordinated Notes or any class of Refinancing Notes, the Outstanding Principal Balance authorized in the Resolution and set forth in an indenture supplemental hereto establishing such Subordinated Notes or Refinancing Notes; provided, that (i) any Refinancing Notes shall be issued in accordance with Section 2.15 and (ii) any Subordinated Notes shall be issued in accordance with Section 2.16.

(b) There shall be issued, authenticated and delivered on the Closing Date and on the date of issuance of any Subordinated Notes or any Refinancing Notes to each of the Noteholders the Notes in the principal amounts and maturities and bearing the interest rates, in each case in registered form and, in the case of the Original Notes, substantially in the form set forth in Exhibit A-1, Exhibit A-2, Exhibit A-3, and Exhibit A-4 as applicable, or, in the case of any Subordinated Notes or any Refinancing Notes, substantially in the form set forth in any indenture supplemental hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements typewritten, printed, lithographed or engraved thereon, as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes. The Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the officers executing such Notes, as evidenced by their execution of such Notes. Each Note shall be dated the date of its authentication. The terms of the Original Notes set forth in Exhibit A-1, Exhibit A-2, Exhibit A-3, and Exhibit A-4, as applicable, are part of the terms of this Indenture. The Trustee shall authenticate Notes and make Notes available for delivery for issue only upon the written order of the Issuer signed by a Responsible Officer of the Issuer. Such order shall specify the aggregate principal amount and type of Notes to be authenticated, the date of issue, whether they are to be issued as Global Notes or Definitive Notes and delivery instructions.

The Notes will be sold initially only (A) in the United States, to Persons that are both Qualified Institutional Buyers and Qualified Purchasers ("QIB/QPs"), purchasing the Beneficial Interest in the Notes for their own account or one or more other accounts with respect to which each such Person exercises sole investment discretion, each of which is a QIB/QP, in reliance on Rule 144A, (B) in the United States, solely in the case of initial investors in the Notes, to Persons that are both Qualified Purchasers and Institutional Accredited Investors ("IAI/QPs") purchasing for their own account or one or more other accounts with respect to which each such Person exercises sole investment discretion, each of which is an IAI/QP, and (C) outside the United States, to Qualified Purchasers that are Non-U.S. Persons in reliance on Regulation S ("Non-U.S. Persons/QPs"), that in the case of clauses (A) through (C) are purchasing a Beneficial Interest in the Notes in a manner that does not involve any general solicitation or advertising (as those terms are used in Regulation D under the Securities Act) or any public offering within the meaning of the Securities Act, are not acquiring the Notes with a view to any resale or distribution thereof other than in accordance with the restrictions set forth herein, have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the purchase of the Notes and are able and prepared to bear the economic risk of investing in and holding the Notes and, in each case, are not Restricted Parties.

The Notes may thereafter be transferred in reliance on Rule 144A and/or Regulation S and in accordance with the procedures described herein.

It is intended that the Notes be registered so as to participate in a book-entry system with DTC. Upon initial issuance, the ownership of the Notes shall be registered in the Register in the name of Cede & Co. ("Cede"), or any successor thereto, as nominee for DTC. The Applicable Procedures shall be applicable to transfers of Beneficial Interests in the Notes.

Any Notes offered and sold to QIB/QPs in reliance on Rule 144A shall be issued initially in the form of one or more permanent global certificates in fully registered form without payment coupons, substantially in the form set forth in Exhibit A-1 hereto (each, a "Rule 144A Global Note"), registered in the name of Cede, as nominee of DTC, deposited with the Trustee as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of each Rule 144A Global Note may from time to time be increased or decreased to reflect transfers to and from the Rule 144A Global Note by adjustments made on the books and records of the Trustee, as custodian for DTC, as hereinafter provided.

Any Notes offered and sold to IAI/QPs shall be issued initially in the form of one or more permanent global certificates in fully registered form without payment coupons, substantially in the form set forth in Exhibit A-2 hereto (each, an "IAI Global Note"), registered in the name of Cede, as nominee of DTC, deposited with the Trustee as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided. The

aggregate principal amount of each IAI Global Note may from time to time be decreased to reflect transfers from the IAI Global Note by adjustments made on the books and records of the Trustee, as custodian for DTC, as hereinafter provided.

Any Notes offered and sold to Non-U.S. Persons/QPs in offshore transactions in reliance upon Regulation S shall be in each case issued initially in the form of one or more temporary

global Notes in registered form substantially in the form set forth in Exhibit A-3 hereto (each, a "Temporary Regulation S Global Note"), registered in the name of Cede, as nominee of DTC, deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided, for credit to the respective accounts at DTC of the designated agents holding on behalf of Euroclear or Clearstream.

At any time following the termination of the Restricted Period, upon delivery of a certificate in substantially the form of Exhibit E-2 hereto given by a Beneficial Holder holding a Beneficial Interest in a Temporary Regulation S Global Note, Beneficial Interests in the Temporary Regulation S Global Notes shall be exchangeable, in whole or in part, for Beneficial Interests in one or more permanent global notes in fully registered form without payment coupons, substantially in the form set forth in Exhibit A-4 hereto (each, a "Permanent Regulation S Global Note" and, together with each Temporary Regulation S Global Note, the "Regulation S Global Notes"), registered in the name of Cede, as nominee of DTC, deposited with the Trustee, as custodian for DTC, duly executed by the Issuer and authenticated by the Trustee as hereinafter provided, and the Registrar shall reflect on its books and records the date and a decrease in the principal amount of the Temporary Regulation S Global Note of such class in an amount equal to the principal amount of such Temporary Regulation S Global Note exchanged. Until the termination of the Restricted Period with respect to any Temporary Regulation S Global Note, Beneficial Interests in such Temporary Regulation S Global Note may be held only through Agent Members acting for and on behalf of Euroclear and Clearstream. The aggregate principal amount of the Temporary Regulation S Global Notes or the Permanent Regulation S Global Notes may from time to time be increased or decreased to reflect transfers to and from such Global Notes by adjustments made on the records of the Trustee, as custodian for DTC, as hereinafter provided.

(c) Interest shall accrue on any class of Fixed Rate Notes from the date of issuance of such Fixed Rate Notes and shall be computed for each Interest Accrual Period on the basis of a 360-day year consisting of twelve 30-day months on the Outstanding Principal Balance of such Notes. Interest shall accrue on any class of Floating Rate Notes from the date of issuance of such Floating Rate Notes and shall be computed for each Interest Accrual Period on the basis of a 360-day year and the actual number of days elapsed in such Interest Accrual Period on the Outstanding Principal Balance of such Notes. For the avoidance of doubt, interest shall accrue on the Original Notes over the period from the Closing Date to the November 15, 2014 Payment Date as simple interest without compounding over such period.

(d) On the date of any Refinancing, the Issuer shall issue and deliver, as provided in Section 2.15, an aggregate principal amount of Refinancing Notes having the maturities and bearing the interest rates and such other terms authorized by one or more Resolutions and set forth in any indenture supplemental hereto providing for the issuance of such Refinancing Notes or specified in the form of such Refinancing Notes, in each case in accordance with Section 2.15.

(e) On the date of any Subordinated Note Issuance, the Issuer shall issue and deliver, as provided in Section 2.16, an aggregate principal amount of Subordinated Notes having the maturities and bearing the interest rates and such other terms authorized by one or more Resolutions and set forth in any indenture supplemental hereto providing for the issuance

of such Subordinated Notes or specified in the form of such Subordinated Notes, in each case in accordance with Section 2.16.

(f) The Notes shall be executed on behalf of the Issuer by the manual or facsimile signature of a Responsible Officer of the Issuer or any individual authorized to do so by a Responsible Officer of the Issuer.

(g) Each Note bearing the manual or facsimile signature of any individual who at the time such Note was executed was authorized to execute such Note by a Responsible Officer of the Issuer shall bind the Issuer, notwithstanding that any such individual has ceased to hold such authority prior to the authentication and delivery of such Notes or did not hold such offices at the date of such Note.

(h) At any time and from time to time after the execution of any Notes, the Issuer may deliver such Notes to the Trustee for authentication and, subject to the provisions of Section 2.1(i), the Trustee shall authenticate such Notes by manual or facsimile signature upon receipt by it of a written order of the Issuer. The Notes shall be authenticated on behalf of the Trustee by any Responsible Officer of the Trustee.

(i) No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless it shall have been executed on behalf of the Issuer as provided in Section 2.1(f) and authenticated by or on behalf of the Trustee as provided in Section 2.1(h). Such signatures shall be conclusive evidence, and the only evidence that such Note has been duly executed and authenticated under this Indenture.

(j) Application shall be made by the Issuer for the Notes to be admitted to the official list of the Cayman Islands Stock Exchange. The Notes shall not be publicly or privately rated by any securities rating agency. There are no other securities of the Issuer that are publicly or privately rated by any securities rating agency.

Section 2.2 Restrictive Legends.

(a) Each Note (and all Notes issued in exchange therefor or upon registration of transfer or substitution thereof) shall bear the following legend on the face thereof:

THE ISSUANCE AND SALE OF THIS NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER RELEVANT JURISDICTION OTHER THAN ON THE OFFICIAL LIST OF THE CAYMAN ISLANDS STOCK EXCHANGE, AND LABA ROYALTY SUB LLC (THE "ISSUER") HAS NOT BEEN REGISTERED UNDER THE UNITED STATES

INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THIS NOTE OR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE ISSUER OR AN AFFILIATE THEREOF, (B) IN THE UNITED STATES, TO AN INITIAL PURCHASER OR A SUBSEQUENT TRANSFEREE THAT IS BOTH A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE

144A") AND A "QUALIFIED PURCHASER" UNDER SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH INITIAL PURCHASER OR SUBSEQUENT TRANSFEREE EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, AND NONE OF WHICH ARE (1) A DEALER OF THE TYPE DESCRIBED IN PARAGRAPH (a)(1)(ii) OF RULE 144A UNLESS IT OWNS AND INVESTS ON A DISCRETIONARY BASIS NOT LESS THAN $25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED TO IT, (2) FORMED OR CAPITALIZED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL HOLDER IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER), (3) A CORPORATION, PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND OR RETIREMENT PLAN IN WHICH THE SHAREHOLDERS, EQUITY OWNERS, PARTNERS, BENEFICIARIES, BENEFICIAL HOLDERS OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, (4) IF FORMED ON OR BEFORE APRIL 30, 1996, AN INVESTMENT COMPANY THAT RELIES ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(d) THEREOF RELYING ON SECTION 3(c)(7) WITH RESPECT TO THOSE OF ITS HOLDERS THAT ARE U.S. PERSONS), UNLESS, WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER, IT HAS, IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER, RECEIVED THE CONSENT OF ITS BENEFICIAL HOLDERS THAT ACQUIRED THEIR INTERESTS ON OR BEFORE APRIL 30, 1996 OR (5) AN ENTITY THAT, IMMEDIATELY SUBSEQUENT TO ITS PURCHASE OR OTHER ACQUISITION OF A BENEFICIAL INTEREST IN THIS NOTE, WILL HAVE INVESTED MORE THAN 40% OF ITS ASSETS IN BENEFICIAL INTERESTS IN THIS NOTE AND/OR IN OTHER SECURITIES OF THE ISSUER (UNLESS ALL OF THE BENEFICIAL HOLDERS OF SUCH ENTITY'S SECURITIES ARE QUALIFIED PURCHASERS) TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY RULE 144A, (C) SOLELY WITH RESPECT TO THE INITIAL PURCHASERS, IN THE UNITED STATES, TO AN INITIAL PURCHASER THAT IS BOTH A QUALIFIED PURCHASER AND AN INSTITUTIONAL "ACCREDITED INVESTOR" MEETING THE REQUIREMENTS OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT PURSUANT TO AN EXEMPTION UNDER THE SECURITIES ACT, ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH INITIAL PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS BOTH AN INSTITUTIONAL "ACCREDITED INVESTOR" AND A QUALIFIED PURCHASER, OR (D) OUTSIDE THE UNITED STATES, TO AN INITIAL PURCHASER OR A SUBSEQUENT TRANSFEREE THAT IS A QUALIFIED PURCHASER AND NOT A "U.S. PERSON" AS DEFINED

IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH INITIAL PURCHASER OR SUBSEQUENT TRANSFEREE EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS A QUALIFIED PURCHASER, AND NONE OF WHICH IS A U.S. PERSON, IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, AND, IN EACH CASE, THAT ARE NOT RESTRICTED PARTIES (AS DEFINED IN THE INDENTURE REFERRED TO HEREIN) IN COMPLIANCE WITH THE CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE INDENTURE REFERRED TO HEREIN AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR THE UNITED STATES AND ANY OTHER RELEVANT JURISDICTION.

BY ITS PURCHASE AND ACCEPTANCE OF THIS NOTE, EACH PURCHASER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (I) IT IS NOT (A) AN EMPLOYEE BENEFIT PLAN (WITHIN THE MEANING OF SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO TITLE I OF ERISA, (B) A PLAN (WITHIN THE MEANING OF SECTION 4975(e)(1) OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) SUBJECT TO SECTION 4975 OF THE CODE OR (C) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAWS") (EACH OF THE FOREGOING, A "PLAN") AND IS NOT ACTING ON BEHALF OF OR USING "PLAN ASSETS" OF A PLAN TO PURCHASE THIS NOTE OR (II) IT IS A PLAN OR IS ACTING ON BEHALF OF A PLAN OR USING "PLAN ASSETS" OF A PLAN TO PURCHASE THIS NOTE BUT THE PURCHASE AND HOLDING OF THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE BY REASON OF THE APPLICATION OF ONE OR MORE STATUTORY OR ADMINISTRATIVE EXEMPTIONS OR OTHERWISE AND WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAWS. "PLAN ASSETS" HAS THE MEANING GIVEN TO IT BY SECTION 3(42) OF ERISA AND REGULATIONS OF THE U.S. DEPARTMENT OF LABOR, BUT ALSO INCLUDES ASSETS OF AN EMPLOYEE BENEFIT PLAN (WITHIN THE MEANING OF SECTION 3(3) OF ERISA) SUBJECT TO SIMILAR LAWS.

EACH INITIAL PURCHASER AND EACH SUBSEQUENT TRANSFEREE (IF NOT THE ISSUER OR AN AFFILIATE OF THE ISSUER) TAKING DELIVERY OF THIS NOTE OR AN INTEREST IN THIS NOTE WILL BE DEEMED TO HAVE MADE THE APPLICABLE REPRESENTATIONS AND AGREEMENTS REFERRED TO IN THE INDENTURE REFERRED TO HEREIN. THIS NOTE MAY NOT BE RESOLD OR TRANSFERRED EXCEPT AS SET FORTH IN THE INDENTURE REFERRED TO HEREIN, AND, IN ADDITION, EACH PERSON OR ENTITY THAT ACQUIRES OR ACCEPTS THIS NOTE OR AN INTEREST HEREIN BY SUCH ACQUISITION OR ACCEPTANCE AGREES TO COMPLY WITH THE TRANSFER

RESTRICTIONS SET FORTH IN SUCH INDENTURE, AND FURTHER ACKNOWLEDGES AND AGREES TO THE PROVISIONS SET FORTH IN SUCH INDENTURE.

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT UNDER THE CODE. FOR INFORMATION REGARDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ISSUE DATE, AND THE YIELD TO MATURITY FOR THIS NOTE, YOU SHOULD SUBMIT A WRITTEN REQUEST TO THE ISSUER AT THE FOLLOWING ADDRESS: 901 GATEWAY BOULEVARD, SOUTH SAN FRANCISCO, CALIFORNIA 94080, ATTENTION: CHIEF FINANCIAL OFFICER.

The Rule 144A Global Notes shall include the following additional legend:

BY ITS ACQUISITION OR ACCEPTANCE HEREOF, THE HOLDER (IF NOT THE ISSUER OR AN AFFILIATE OF THE ISSUER) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A AND A "QUALIFIED PURCHASER" UNDER SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH THE HOLDER EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, (B) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THEIR NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, (C) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES, (D) IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL HOLDER IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER) AND (E) IF IT IS A COMPANY EXCEPTED FROM THE DEFINITION OF "INVESTMENT COMPANY" BY SECTION 3(c)(1) OR SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, OR A SECTION 7(d) FOREIGN INVESTMENT COMPANY RELYING ON SECTION 3(c)(1) OR SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT WITH RESPECT TO ITS U.S. HOLDERS, AND WAS FORMED ON OR BEFORE APRIL 30, 1996, IT HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL HOLDERS AS REQUIRED BY THE INVESTMENT COMPANY ACT.

Each IAI Global Note shall include the following additional legend:

BY ITS ACQUISITION OR ACCEPTANCE HEREOF, THE HOLDER REPRESENTS THAT IT IS AN INITIAL PURCHASER OF THE NOTE THAT (A) IS BOTH A QUALIFIED PURCHASER AND AN INSTITUTIONAL "ACCREDITED INVESTOR" MEETING THE REQUIREMENTS OF RULE 501(a)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT PURSUANT TO AN EXEMPTION UNDER THE SECURITIES ACT ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH INITIAL PURCHASER EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH

IS BOTH AN INSTITUTIONAL "ACCREDITED INVESTOR" AND A QUALIFIED PURCHASER, (B) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THEIR NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES, (C) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES, (D) IT IS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL HOLDER IS BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER) AND (E) IF IT IS A COMPANY EXCEPTED FROM THE DEFINITION OF "INVESTMENT COMPANY" BY SECTION 3(c)(1) OR SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, OR A SECTION 7(d) FOREIGN INVESTMENT COMPANY RELYING ON SECTION 3(c)(1) OR SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT WITH RESPECT TO ITS U.S. HOLDERS, AND WAS FORMED ON OR BEFORE APRIL 30, 1996, IT HAS RECEIVED THE NECESSARY CONSENT FROM ITS BENEFICIAL HOLDERS AS REQUIRED BY THE INVESTMENT COMPANY ACT.

Each Regulation S Global Note will include the following additional legend:

BY ITS ACQUISITION OR ACCEPTANCE HEREOF, THE HOLDER REPRESENTS THAT (A) IT IS A QUALIFIED PURCHASER AND NOT A "U.S. PERSON" AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), ACTING FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH SUCH INITIAL PURCHASER OR SUBSEQUENT TRANSFEREE EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS A QUALIFIED PURCHASER, AND NONE OF WHICH IS A U.S. PERSON, IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S.

Each Global Note will include the following additional legend as the last legend:

ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE INITIAL PURCHASER OR SUBSEQUENT TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY.

IF THIS NOTE WAS ACQUIRED IN THE UNITED STATES, AND THE HOLDER IS DETERMINED NOT TO HAVE BEEN BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHICH IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, OR, SOLELY IN THE CASE OF THE INITIAL PURCHASERS OF THE NOTES, BOTH AN INSTITUTIONAL ACCREDITED INVESTOR AND A QUALIFIED PURCHASER AT THE TIME OF ACQUISITION OF THIS NOTE, ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHICH IS BOTH AN INSTITUTIONAL ACCREDITED INVESTOR AND A QUALIFIED PURCHASER, OR THE HOLDER IS DETERMINED TO HAVE BEEN A RESTRICTED PARTY, THE ISSUER HAS THE RIGHT TO REQUIRE

SUCH HOLDER TO SELL THIS NOTE TO A PURCHASER THAT IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER. THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A PERSON THAT IS NOT BOTH A

QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER, ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHICH IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER.

IF THIS NOTE WAS ACQUIRED OUTSIDE THE UNITED STATES, AND THE HOLDER IS DETERMINED NOT TO HAVE BEEN A QUALIFIED PURCHASER THAT IS NOT A "U.S. PERSON" AT THE TIME OF ACQUISITION OF THIS NOTE, OR THE HOLDER IS DETERMINED TO HAVE BEEN A RESTRICTED PARTY, THE ISSUER HAS THE RIGHT TO REQUIRE SUCH HOLDER TO SELL THIS NOTE TO A PURCHASER WHO IS A QUALIFIED PURCHASER AND NOT A "U.S. PERSON." THE ISSUER ALSO HAS THE RIGHT TO REFUSE TO HONOR A TRANSFER TO A PERSON WHO IS NOT A QUALIFIED PURCHASER AND NOT A "U.S. PERSON."

(b) Each Global Note shall also bear the following legend on the face thereof:

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF THE DEPOSITORY TRUST COMPANY ("DTC"), A NEW YORK CORPORATION, 55 WATER STREET, NEW YORK, NEW YORK 10004, OR A NOMINEE THEREOF. THIS NOTE MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS NOTE IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE ISSUER OR THE REGISTRAR, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE THE REGISTERED OWNER, CEDE & CO., HAS AN INTEREST HEREIN.

(c) Each Temporary Regulation S Global Note shall also bear the following legend on the face thereof:

UNTIL 40 DAYS AFTER THE ISSUE DATE OF THE NOTES (THE "RESTRICTED PERIOD") IN CONNECTION WITH THE OFFERING OF THE NOTES IN THE UNITED STATES FROM OUTSIDE OF THE UNITED STATES, THE SALE, PLEDGE OR TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. THE HOLDER HEREOF, BY PURCHASING OR

OTHERWISE ACQUIRING THIS NOTE, ACKNOWLEDGES THAT SUCH HOLDER IS A QUALIFIED PURCHASER AND THAT THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY BE TRANSFERRED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY TO A QUALIFIED PURCHASER AND IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES, AND PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD, ONLY (I) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (II) PURSUANT TO AND IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT.

(d) The required legends (collectively, the "Legend") set forth in this Section 2.2 shall not be removed from the applicable Notes except as provided herein. Neither the Trustee nor the Registrar shall be responsible for the contents of the Legend nor any lack thereof.

Section 2.3 Registrar, Transfer Agent, Paying Agent and Calculation Agent.

(a) With respect to each class of Notes, there shall at all times be maintained an office or agency in the location set forth in Section 12.5 where the Notes of such class may be presented or surrendered for exchange or registration of transfer (including any additional transfer agent, each, a "Transfer Agent"), where the Notes of such class may be registered, recorded and transferred (including any additional registrar, each, a "Registrar"), where the Notes of such class may be presented or surrendered for payment thereof (including any additional paying agent, each, a "Paying Agent"), and where notices and demands to or upon the Issuer in respect of such Notes may be served. The Trustee shall be the initial Transfer Agent, the initial Paying Agent and the initial Registrar. The Issuer shall cause each Registrar to keep a register of such class of Notes for which it is acting as Registrar and of their transfer and exchange (the "Register"). Written notice of the location of each such other office or agency and of any change of location thereof shall be given by the Trustee to the Issuer and the Noteholders of such class of Notes. In the event that no such office or agency shall be maintained or no such notice of location or of change of location shall be given, presentations and demands may be made and notices may be served at the Corporate Trust Office.

(b) The Trustee shall act as the Calculation Agent hereunder. To the extent not otherwise specifically provided herein, the Trustee shall furnish to the Calculation Agent, and the Calculation Agent shall furnish to the Trustee, upon written request such information and copies of such documents as the Trustee or the Calculation Agent may have and as are necessary for the Calculation Agent and the Trustee to perform their respective duties under Article III or otherwise. So long as there are Floating Rate Notes Outstanding under this Indenture, there shall at all times be a Calculation Agent. Upon the request of a Noteholder of Floating Rate Notes, the Calculation Agent shall provide to such Noteholder the interest rate borne by such Floating Rate Notes on the date of such request and, if determined, the interest rate borne by such Floating Rate Notes for the next Interest Accrual Period.

(c) Each Authorized Agent shall be a bank, trust company or corporation organized and doing business under the laws of the U.S., any state or territory thereof or of the District of Columbia, with a combined capital and surplus of at least $75,000,000 (or having a combined capital and surplus in excess of $5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally Guaranteed by a bank, trust company or corporation organized and doing business under the laws of the U.S., any state or territory thereof or of the District of Columbia and having a combined capital and surplus of at least $75,000,000) and shall be authorized under the laws of the U.S., any state or territory thereof or the District of Columbia to exercise corporate trust powers, subject to supervision by federal or state authorities (such requirements, the "Eligibility Requirements"). Each Registrar other than the Trustee shall furnish to the Trustee, at least five Business Days prior to each Payment Date, and at such other times as the Trustee may request in writing, a copy of the Register maintained by such Registrar.

(d) Any Person into which any Authorized Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, consolidation or conversion to which any Authorized Agent shall be a party, or any Person succeeding to all or substantially all of the corporate trust business of any Authorized Agent (including the administration of the fiduciary relationship contemplated by this Indenture), shall be the successor of such Authorized Agent hereunder, if such successor is otherwise eligible under this Section 2.3, without the execution or filing of any paper or any further act on the part of the parties hereto or such Authorized Agent or such successor Person.

(e) Any Authorized Agent may at any time resign by giving written notice of resignation to the Trustee and the Issuer. The Issuer may, and at the request of the Trustee shall, at any time terminate the agency of any Authorized Agent by giving written notice of termination to such Authorized Agent and to the Trustee. Upon the resignation or termination of an Authorized Agent or if at any time any such Authorized Agent shall cease to be eligible under this Section 2.3 (when, in either case, no other Authorized Agent performing the functions of such Authorized Agent shall have been appointed by the Trustee), the Issuer shall promptly appoint one or more qualified successor Authorized Agents, reasonably satisfactory to the Trustee, to perform the functions of the Authorized Agent that has resigned or whose agency has been terminated or who shall have ceased to be eligible under this Section 2.3. The Issuer shall give written notice of any such appointment made by it to the Trustee, and in each case the Trustee shall send notice of such appointment to all Noteholders of the related class of Notes as their names and addresses appear on the Register for such class of Notes.

(f) The Issuer agrees to pay, or cause to be paid, from time to time to each Authorized Agent reasonable compensation for its services and to reimburse it for its reasonable expenses to be agreed to pursuant to separate agreements with each such Authorized Agent.

(g) Each Authorized Agent shall be entitled to all of the protections, immunities, indemnities, rights and privileges of the Trustee as set forth in this Indenture.

Section 2.4 Paying Agent to Hold Money in Trust. The Trustee shall require each Paying Agent other than the Trustee to agree in writing that all moneys deposited with any Paying Agent for the purpose of any payment on the Notes shall be deposited and held in trust

for the benefit of the Noteholders entitled to such payment, subject to the provisions of this Section 2.4. Moneys so deposited and held in trust shall constitute a separate trust fund for the benefit of the Noteholders with respect to which such money was deposited.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, direct any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 2.5 Method of Payment.

(a) On each Payment Date, the Trustee shall, or shall instruct a Paying Agent to, pay, subject to Section 3.6, to the extent of the Available Collections Amount for such Payment Date, to the Noteholders all interest, principal and Premium, if any, on each class of Notes in the amounts determined by the Calculation Agent pursuant to Section 3.4. Each payment on any Payment Date other than the final payment with respect to any class of Notes shall be made by the Trustee or the Paying Agent to the Noteholders as of the Record Date for such Payment Date. The final payment with respect to any class of Notes, however, shall be made only upon presentation and surrender of such Note by the Noteholder or its agent at an office or agency of the Trustee or the Paying Agent in New York City.

(b) At such time, if any, as the Notes of any class are issued in the form of Definitive Notes, payments on a Payment Date shall be made by the Trustee or the Paying Agent by check mailed to each Noteholder of a Definitive Note on the applicable Record Date at its address appearing on the Register maintained with respect to such class of Notes. Alternatively, upon application in writing to the Trustee, not later than the applicable Record Date, by a Noteholder holding Definitive Notes, any such payments shall be made by wire transfer to an account designated by such Noteholder at a financial institution in New York City; provided, that, in each case, the final payment for any class of Notes shall be made only upon presentation and surrender of the Definitive Notes of such class by the Noteholder or its agent at an office or agency of the Trustee or the Paying Agent in New York City. Payments in respect of the Notes represented by a Global Note (including principal, Premium, if any, and interest) shall be made by wire transfer of immediately available funds to the account specified by DTC at a financial institution in New York City.

(c) The payment of any Interest Amount in respect of a class of Notes on a particular Payment Date shall be deemed allocated first to any unpaid Interest Amount due prior to such Payment Date (together with Additional Interest thereon) and second to any Interest Amount due on such Payment Date.

(d) If the Final Legal Maturity Date with respect to the Original Notes is not a Business Day, the payment scheduled to be made on the Final Legal Maturity Date shall be made on the succeeding Business Day without the payment of Additional Interest.

Section 2.6 Minimum Denominations. Each class of Notes shall be issued in minimum denominations of $250,000 and integral multiples of $1.00 in excess thereof. After issuance, any Note may fail to be in such required minimum denomination due to the repayment

of principal thereof in accordance with the Priority of Payments on any Payment Date or as a result of one or more Optional Redemptions. If scheduled interest is added to the principal balance of the Notes on any Payment Date that occurs during the Interest Deferral Period pursuant to Section 3.7(a), the scheduled interest added to the principal balance of the Notes will be rounded upward or downward if necessary to the nearest $1.00 in order to maintain the integral multiple of $1.00 in excess of the minimum denomination of the Notes.

Section 2.7 Transfer and Exchange; Cancellation. The Notes are issuable only in fully registered form without coupons. A Noteholder or a Beneficial Holder may transfer a Note or a Beneficial Interest therein only by written application to the Registrar stating the name of the proposed transferee

and otherwise complying with the terms of this Indenture. No such transfer shall be effected until, and such proposed transferee shall succeed to the rights of a Noteholder or a Beneficial Holder only upon, final acceptance and registration of the transfer by the Registrar.

Prior to the due presentment for registration of transfer of a Note and satisfaction of the requirements specified in the last sentence of the preceding paragraph, the Issuer and the Trustee may deem and treat the applicable registered Noteholder as the absolute owner and holder of such Note for the purpose of receiving payment of all amounts payable with respect to such Note and for all other purposes and shall not be affected by any notice to the contrary. The Registrar (if different from the Trustee) shall promptly notify the Trustee in writing and the Trustee shall promptly notify the Issuer of each request for a registration of transfer of a Note by furnishing the Issuer a copy of such request.

Furthermore, any Noteholder of a Global Note shall, by acceptance of such Global Note, agree that, subject to Section 2.10(b) and Section 2.11, transfers of Beneficial Interests in such Global Note may be effected only through a book-entry system maintained by the Noteholder of such Global Note (or its agent) and that ownership of a Beneficial Interest in such Global Note shall be required to be reflected in a book-entry system. When Notes are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if its requirements for such transactions are met (including, in the case of a transfer, that such Notes are duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and Registrar duly executed by the Noteholder thereof or by an attorney who is authorized in writing to act on behalf of the Noteholder). To permit registrations of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate Notes at the Registrar's request. Except as set forth in Section 2.8 and Section 2.9, no service charge shall be made for any registration of transfer or exchange or redemption of the Notes.

The Registrar shall not be required to exchange or register the transfer of any Notes as above provided during the 15-day period preceding the Final Legal Maturity Date of any such Notes or following any notice of Redemption or Refinancing of Notes in respect of the portion of the Notes being so redeemed or refinanced. The Registrar shall not be required to exchange or register the transfer of any Notes that have been selected, called or are being called for Redemption or Refinancing except, in the case of any Notes where written notice has been given that such Notes are to be redeemed in part, the portion thereof not so to be redeemed.

Any Person (including the Issuer) at any time may deliver Notes to the Trustee for cancellation. The Trustee and no one else shall cancel and destroy in accordance with its customary practices in effect from time to time (subject to the record retention requirements of the Exchange Act) any such Notes, together with any other Notes surrendered to it for registration of transfer, exchange or payment. The Issuer may not issue new Notes (other than Refinancing Notes issued in connection with any Refinancing) to replace Notes it (or any other Person) has redeemed, paid or delivered to the Trustee for cancellation.

Section 2.8 Mutilated, Destroyed, Lost or Stolen Notes. If any Note shall become mutilated, destroyed, lost or stolen, the Issuer shall, upon the written request of the Noteholder thereof and presentation of the Note or satisfactory evidence of destruction, loss or theft thereof to the Trustee or Registrar, issue, and the Trustee shall authenticate and the Trustee or Registrar shall deliver in exchange therefor or in replacement thereof, a new Note, payable to such Noteholder in the same principal amount, of the same maturity, with the same payment schedule, bearing the same interest rate and dated the date of its authentication. If the Note being replaced has become mutilated, such Note shall be surrendered to the Trustee or the Registrar and forwarded to the Issuer by the Trustee or such Registrar. If the Note being replaced has been destroyed, lost or stolen, the Noteholder thereof shall furnish to the Issuer, the Trustee and the Registrar (a) such security or indemnity as may be required by the Issuer, the Trustee and the Registrar to save each of them harmless and (b) evidence satisfactory to the Issuer, the Trustee and the Registrar of the destruction, loss or theft of such Note and of the ownership thereof (an affidavit from any QIB being satisfactory evidence). The Noteholders shall be required to pay any Tax or other governmental charge imposed in connection with such exchange or replacement and any other expenses (including the reasonable fees and expenses of the Trustee and the Registrar) connected therewith.

Section 2.9 Payments of Transfer Taxes. Upon the transfer of any Note or Notes pursuant to Section 2.7, the Issuer or the Trustee may require from the party requesting such new Note or Notes payment of a sum to reimburse the Issuer or the Trustee for, or to provide funds for the payment of, any transfer Tax or similar governmental charge payable in connection therewith.

Section 2.10 Book-Entry Provisions.

(a) Global Notes shall (i) be registered in the name of the Clearing Agency or a nominee of the Clearing Agency, (ii) be delivered to the Trustee as custodian for the Clearing Agency and (iii) bear the Legend (as applicable). In accordance with the requirements of the Clearing Agency, the Issuer shall cause the Trustee to authenticate an additional Global Note or additional Global Notes in the appropriate principal amount such that no Global Note may exceed an aggregate principal amount of $500,000,000 at any time.

Members of, or participants in, the Clearing Agency ("Agent Members") shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Clearing Agency, or the Trustee as its custodian, or under such Global Note, and the Clearing Agency may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Note for all purposes whatsoever.

Whenever notice or other communication to the Noteholders or Beneficial Holders of any class of Global Notes is required under this Indenture, unless and until Definitive Notes shall have been issued pursuant to Section 2.10(b), the Trustee shall give all such notices and communications specified herein to be given to Noteholders and Beneficial Holders of such class of Global Notes to the Clearing Agency, and shall make available additional copies as requested by Agent Members, in each case to the extent that the Trustee shall have been provided with a copy of a Confidentiality Agreement executed and delivered to the Registrar by such Noteholders or Beneficial Holders.

Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Clearing Agency or impair, as between the Clearing Agency and its Agent Members, the operation of customary practices governing the exercise of the rights of a Noteholder under any Global Note. Neither the Issuer nor the Trustee shall be liable for any delay by the Clearing Agency in identifying the Agent Members in respect of the Global Notes, and the Issuer and the Trustee may conclusively rely on, and shall be fully protected in relying on, instructions from the Clearing Agency for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of any Global Notes to be issued).

(b) Transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to the Clearing Agency, its successors or their respective nominees. Interests of Agent Members in a Global Note may be transferred in accordance with the Applicable Procedures and the provisions of Section 2.11. Except as set forth in Section 2.11(a), Definitive Notes shall be issued to the individual Agent Members or Beneficial Holders or their nominees in exchange for their Beneficial Interests in a Global Note with respect to any class of Notes only if (i) the Issuer advises the Trustee in writing that the Clearing Agency is no longer willing or able to properly discharge its responsibilities as depositary with respect to such class of Notes and the Trustee or the Issuer is unable to appoint a qualified successor within ninety (90) days of such notice or (ii) during the occurrence of an Event of Default with respect to such class of Notes, any Noteholder requests that all or a portion of a Global Note be exchanged for a Definitive Note. Upon the occurrence of any event described in the preceding sentence, the Trustee shall notify all affected Noteholders of such class, through the Clearing Agency, of the occurrence of such event and of the availability of Definitive Notes of such class; provided, however, that in no event shall the Temporary Regulation S Global Note be exchanged for Definitive Notes prior to the later of (x) the termination of the Restricted Period and (y) the date of receipt by the Issuer of any certificates determined by it to be required pursuant to Rule 903 or 904 under the Securities Act. Upon surrender to the Trustee of the Global Notes of such class held by the Clearing Agency, accompanied by registration instructions from the Clearing Agency for registration of Definitive Notes, the Issuer shall issue and the Trustee shall authenticate and deliver the Definitive Notes of such class to the Agent Members and Beneficial Holders of such class or their nominees in accordance with the instructions of the Clearing Agency.

None of the Issuer, the Registrar, the Transfer Agent, the Paying Agent or the Trustee shall be liable for any delay in delivery of such instructions and may conclusively rely on, and shall be fully protected in relying on, such registration instructions. Upon the issuance of

Definitive Notes of such class, the Trustee shall recognize the Persons in whose name the Definitive Notes are registered in the Register as Noteholders hereunder. Neither the Issuer nor the Trustee shall be liable if the Trustee or the Issuer is unable to locate a qualified successor to the Clearing Agency.

(c) Any Beneficial Interest in one of the Global Notes as to any class that is transferred to a Person who takes delivery in the form of an interest in another Global Note shall, upon transfer, cease to be an interest in such Global Note and become an interest in such other Global Note and, accordingly, shall thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Beneficial Interests in such other Global Note for as long as it remains such an interest.

(d) Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.10(b) shall bear the Legend applicable to a Global Note.

Section 2.11 Special Transfer Provisions.

(a) A Global Note may not be transferred, in whole or in part, to any Person other than DTC, and no such transfer to any such other Person may be registered; provided, however, that this Section 2.11(a) shall not prohibit any transfer of a Note that is issued in exchange for a Global Note in accordance with Section 2.7 and shall not prohibit any transfer of a Beneficial Interest in a Global Note effected in accordance with the other provisions of this Section 2.11.

(b) The transfer by a Beneficial Holder holding a Beneficial Interest in a Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a Beneficial Interest in the Rule 144A Global Note shall be made upon the deemed representation of the transferee that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is both a Qualified Institutional Buyer and a Qualified Purchaser, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as such transferee has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A.

(c) If a Beneficial Holder holding a Beneficial Interest in a Rule 144A Global Note or in an IAI Global Note wishes at any time to exchange its interest in such Rule 144A Global Note or in such IAI Global Note, as applicable, for an interest in the Temporary Regulation S Global Note, or to transfer its interest in a Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a Beneficial Interest in the Temporary Regulation S Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 2.11(c). Upon receipt by the Registrar of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a Beneficial Interest in the Temporary Regulation S Global Note, in a principal amount equal to that of the Beneficial Interest in such Rule 144A Global Note or such IAI Global Note, as applicable, to be so exchanged or transferred, (ii) a written order given

in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such Beneficial Interest and (iii) a certificate in substantially the form set forth in Exhibit E-1 hereto given by the Beneficial Holder holding such Beneficial Interest in such Rule 144A Global Note or such IAI Global Note, as applicable, the Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of the Rule 144A Global Note or the IAI Global Note, as applicable, and to increase the principal amount of the Temporary Regulation S Global Note, by the principal amount of the Beneficial Interest in such Rule 144A Global Note or such IAI Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a Beneficial Interest in the Temporary Regulation S Global Note having a principal amount equal to the amount by which the principal amount of such Rule 144A Global Note or such IAI Global Note was reduced upon such exchange or transfer.

(d) If a Beneficial Holder holding a Beneficial Interest in a Rule 144A Global Note or an IAI Global Note wishes at any time to exchange its interest in such Rule 144A Global Note or such IAI Global Note for an interest in the Permanent Regulation S Global Note, or to transfer its interest in a Rule 144A Global Note to a Person who wishes to take delivery thereof in the form of a Beneficial Interest in the Permanent Regulation S Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 2.11(d). Upon receipt by the Registrar of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the

Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a Beneficial Interest in the Permanent Regulation S Global Note in a principal amount equal to that of the Beneficial Interest in such Rule 144A Global Note or such IAI Global Note to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such Beneficial Interest and (iii) a certificate in substantially the form of Exhibit E-2 hereto given by the Beneficial Holder holding such Beneficial Interest in such Rule 144A Global Note or such IAI Global Note, as applicable, the Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of such Rule 144A Global Note or such IAI Global Note, as applicable, and to increase the principal amount of the Permanent Regulation S Global Note, by the principal amount of the Beneficial Interest in such Rule 144A Global Note or such IAI Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for Euroclear or Clearstream or both, as the case may be) a Beneficial Interest in the Permanent Regulation S Global Note having a principal amount equal to the amount by which the principal amount of such Rule 144A Global Note or such IAI Global Note was reduced upon such exchange or transfer.

(e) If a Beneficial Holder holding a Beneficial Interest in an IAI Global Note, a Temporary Regulation S Global Note or a Permanent Regulation S Global Note wishes at any time to exchange its interest in such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note for an interest in the Rule 144A Global Note, or to

transfer such interest to a Person who wishes to take delivery thereof in the form of a Beneficial Interest in the Rule 144A Global Note, such exchange or transfer may be effected, subject to the Applicable Procedures, only in accordance with the provisions of this Section 2.11(e). Upon receipt by the Registrar of (i) written instructions given in accordance with the Applicable Procedures from a Clearing Agency Participant directing the Registrar to credit or cause to be credited to a specified Clearing Agency Participant's account a Beneficial Interest in the Rule 144A Global Note in a principal amount equal to that of the Beneficial Interest in such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, to be so exchanged or transferred, (ii) a written order given in accordance with the Applicable Procedures containing information regarding the account of the Clearing Agency Participant (and the Euroclear or Clearstream account, as the case may be) to be credited with, and the account of the Clearing Agency Participant to be debited for, such Beneficial Interest and (iii) with respect to an exchange of a Beneficial Interest in such IAI Global Note, or an exchange or a transfer of a Beneficial Interest in such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, a certificate in substantially the form set forth in Exhibit E-3 hereto given by such Beneficial Holder holding such Beneficial Interest in such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, the Registrar shall instruct the Trustee, as custodian of DTC, to reduce the principal amount of such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, and to increase the principal amount of the Rule 144A Global Note, by the principal amount of the Beneficial Interest in such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note to be so exchanged or transferred, and to credit or cause to be credited to the account of the Person specified in such instructions (which shall be the Clearing Agency Participant for DTC) a Beneficial Interest in the Rule 144A Global Note having a principal amount equal to the amount by which the principal amount of such IAI Global Note, such Temporary Regulation S Global Note or such Permanent Regulation S Global Note, as the case may be, was reduced upon such exchange or transfer.

(f) In the event that a Global Note or any portion thereof is exchanged for Notes other than Global Notes, such other Notes may in turn be exchanged (upon transfer or otherwise) for Notes that are not Global Notes or for a Beneficial Interest in a Global Note (if any is then outstanding) only in accordance with such procedures as may be adopted from time to time by the Issuer and the Registrar, which shall be substantially consistent with the provisions of this Section 2.11 (including the certification requirement intended to ensure that transfers and exchanges of Beneficial Interests in a Global Note comply with Rule 144A or Regulation S under the Securities Act, as the case may be) and any Applicable Procedures.

(g) Until the termination of the Restricted Period with respect to any Note, interests in the Temporary Regulation S Global Notes representing such Note may be held only through Clearing Agency Participants acting for and on behalf of Euroclear and Clearstream; provided that this Section 2.11(g) shall not prohibit any transfer in accordance with Section 2.11(c). After the expiration of the Restricted Period, interests in the Permanent Regulation S Global Notes may be transferred without requiring any certifications other than those set forth in this Section 2.11.

(h) By its acceptance of any Note bearing the Legend, each Noteholder of such Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and in the Legend and agrees that it shall transfer such Note (or the Beneficial Interest therein) only as provided in this Indenture and in accordance with the Legend. The Registrar shall not register or reflect on its books and records a transfer of any Note (or any Beneficial Interest therein) unless such transfer complies with the restrictions on transfer of such Note set forth in this Indenture and in accordance with the Legend. In connection with any transfer of Notes (or Beneficial Interests therein), each Noteholder (or Beneficial Holder) agrees by its acceptance of the Notes (or Beneficial Interests therein) to furnish the Trustee the certifications and legal opinions (if requested and required pursuant hereto) described herein to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; provided, that the Trustee shall not be required to determine (but may rely on a determination made by the Issuer with respect to) the sufficiency of any such legal opinions.

(i) The Notes shall be issued pursuant to an exemption from registration under the Securities Act. Except as otherwise set forth in Section 2.1(j), the Issuer agrees that it shall not at any time (i) apply to list, list or list upon notice of issuance, (ii) consent to or authorize an application for the listing or the listing of, or (iii) enable or authorize the trading of, the Notes on an established securities market, including (w) a national securities exchange registered under the Exchange Act or exempted from registration because of the limited volume of transactions, (x) a foreign securities exchange that, under the law of the jurisdiction where it is organized, satisfies regulatory requirements that are analogous to the regulatory requirements under the Exchange Act applicable to exchanges described in Section 2.11(i)(iii)(w), (y) a regional or local exchange or (z) an over-the-counter market or interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise, as the term "established securities market" and the other terms in this Section 2.11(i) are defined for purposes of Section 7704 of the Code.

(j) The Trustee shall retain copies of all letters, notices and other written communications received pursuant to Section 2.10 or this Section 2.11. The Issuer shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Trustee.

(k) After the Closing Date with respect to the Original Notes (or the date of issuance with respect to any Subordinated Notes or any Refinancing Notes), forms of Confidentiality Agreements shall be available to Noteholders, Agent Members and Beneficial Holders and proposed transferees of the Notes (or the Beneficial Interests therein) from the Registrar, initially at the Corporate Trust Office. The Registrar shall promptly, but in any event no later than two Business Days after receipt thereof, furnish the Trustee, the Issuer and the Servicer with a copy of each executed Confidentiality Agreement received by the Registrar.

(l) Notwithstanding any other provision contained in this Indenture to the contrary, any Noteholder or Beneficial Holder may assign a security interest in, or pledge, all or any portion of the Notes or Beneficial Interest held by it to a lender or a trustee or collateral agent (or other similar representative) that delivers written certification to the Trustee in form and substance satisfactory to the Trustee that it is not a Restricted Party under any indenture,

loan agreement or other similar agreement to which such Noteholder or Beneficial Holder or any of its Affiliates is party in support of any obligations of such Noteholder or Beneficial Holder or Affiliate or holders of securities or other obligations issued by such Noteholder or Beneficial Holder or Affiliate; provided, that no such assignment or pledge shall release the assigning or pledging Noteholder or Beneficial Holder from its obligations hereunder; provided, further, that the transfer of all or any portion of the Notes or the Beneficial Interest to the lender or trustee or collateral agent (or other similar representative) or any other Person shall be subject to the restrictions on transfer of the Notes or a Beneficial Interest set forth in this Indenture.

(m) Each purchaser of the Notes will be deemed to have represented and warranted by its purchase of the Notes that either (i) it is not a Plan and is not acting on behalf of a Plan or using Plan Assets to purchase such Notes or (ii) it is a Plan or is acting on behalf of a Plan or using Plan Assets to purchase such Notes but the purchase and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code by reason of the application of one or more statutory or administrative exemptions or otherwise and will not constitute or result in a violation of any Similar Laws.

(n) The Global Notes shall be exchangeable in their entirety for one or more definitive notes in registered form, without interest coupons (collectively, the "Definitive Notes") pursuant to Section 2.10(b) and this Section 2.11(n) in accordance with their terms and, upon complete exchange thereof, such Global Notes shall be surrendered to the Trustee for cancellation. Definitive Notes of any class shall be freely transferable and exchangeable for Definitive Notes of the same class at the office of the Trustee or the office of the Registrar upon compliance with the requirements set forth in this Indenture. In the case of a transfer of only part of a holding of Definitive Notes, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor and may be obtained at the office of the Registrar.

(o) Any transfer in violation of the provisions of this Section 2.11 shall be void ab initio.

Section 2.12 Temporary Definitive Notes. Pending the preparation of Definitive Notes of any class, the Issuer may execute and the Trustee may authenticate and deliver temporary Definitive Notes of such class that are printed, lithographed, typewritten or otherwise produced, in any denomination, containing substantially the same terms and provisions as are set forth in the applicable Exhibit or in any indenture supplemental hereto, except for such appropriate insertions, omissions, substitutions and other variations relating to their temporary nature as a Responsible Officer of the Issuer executing such temporary Definitive Notes may determine, as evidenced by his or her execution of such temporary Definitive Notes.

If temporary Definitive Notes of any class are issued, the Issuer shall cause such Definitive Notes of such class to be prepared without unreasonable delay. After the preparation of Definitive Notes of such class, the temporary Definitive Notes shall be exchangeable for Definitive Notes upon surrender of such temporary Definitive Notes at the Corporate Trust Office, without charge to the Noteholder thereof. Upon surrender for cancellation of any one or more temporary Definitive Notes of any class, the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor Definitive Notes of like class, in authorized

denominations and in the same aggregate principal amounts. Until so exchanged, such temporary Definitive Notes shall in all respects be entitled to the same benefits under this Indenture as Definitive Notes.

Section 2.13 Statements to Noteholders.

(a) On each Payment Date and any other date for distribution of any payments with respect to any class of Notes then Outstanding, the Trustee shall deliver a report (which delivery may be made through electronic mail (blind carbon copy) or through a secure password-protected website), covering the information set forth in Exhibit C and prepared by the Servicer, giving effect to such payments (each, a "Distribution Report"), to (i) only each Noteholder and Beneficial Holder that has executed and delivered to the Registrar a Confidentiality Agreement, (ii) the Issuer, (iii) the Calculation Agent and (iv) the Equityholder and to no other Person.

(b) Each Distribution Report provided to the Noteholders and Beneficial Holders by the Trustee for each Payment Date pursuant to Section 2.13(a), commencing with the November 15, 2014 Payment Date, or other date for distribution of payments on the Notes, shall include the amounts deposited into and withdrawn from the Collection Account and information with respect to the application of funds in accordance with the Priority of Payments on the related Payment Date and shall be accompanied by a statement prepared by the Servicer setting forth an analysis of the Collection Account activity for the quarterly period ending on the Calculation Date relating to such Payment Date (provided, that such statement will not include an analysis of the source of the deposits made to the Collection Account to the extent that the confidentiality provisions of the Counterparty Agreement prohibit such disclosure and analysis), which statement shall be required to be treated confidentially pursuant to the terms of the Confidentiality Agreement. The Trustee shall not be responsible for the contents of the Distribution Reports.

(c) Each Distribution Report shall include a statement to the following effect:

THE INDENTURE REQUIRES THAT EACH HOLDER OF A BENEFICIAL INTEREST IN THE NOTES BE A QUALIFIED PURCHASER (AS DEFINED BELOW) THAT IS NOT A RESTRICTED PARTY (AS DEFINED IN THE INDENTURE). EACH RESALE OF A NOTE (A) IN THE UNITED STATES OR TO A "U.S. PERSON" (A "U.S. PERSON") AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") MUST BE MADE TO A PERSON OR ENTITY THAT IS A QUALIFIED PURCHASER THAT THE TRANSFEROR REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" (A "QUALIFIED INSTITUTIONAL BUYER") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT TAKES DELIVERY OF THE INTEREST IN THE NOTE IN THE FORM OF AN INTEREST IN A RULE 144A GLOBAL NOTE OR (B) OUTSIDE THE UNITED STATES MUST BE MADE TO A PERSON OR ENTITY THAT IS A QUALIFIED PURCHASER THAT IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S, AND IN EACH CASE, SUCH PERSON OR ENTITY IS NOT A RESTRICTED PARTY (AS DEFINED IN THE INDENTURE). A "QUALIFIED PURCHASER" IS (A) A "QUALIFIED

PURCHASER" AS DEFINED IN SECTION 2(a)(51)(A) OF THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND THE RELATED RULES THEREUNDER OR (B) A COMPANY EACH OF WHOSE BENEFICIAL HOLDERS IS A "QUALIFIED PURCHASER" AS DEFINED IN SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT AND RELATED RULES THEREUNDER.

EACH TRANSFEREE OF AN INTEREST IN A RULE 144A GLOBAL NOTE WILL BE DEEMED TO REPRESENT AT THE TIME OF PURCHASE THAT: (1) IT IS BOTH A QUALIFIED INSTITUTIONAL BUYER PURSUANT TO RULE 144A AND A QUALIFIED PURCHASER PURSUANT TO SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, AND IS AWARE THAT ANY SALE OF NOTES TO IT WILL BE MADE IN RELIANCE ON RULE 144A, (2) ITS ACQUISITION OF NOTES IN ANY SUCH SALE WILL BE FOR ITS OWN ACCOUNT OR ONE OR MORE ACCOUNTS WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS BOTH A QUALIFIED INSTITUTIONAL BUYER PURSUANT TO RULE 144A AND A QUALIFIED PURCHASER PURSUANT TO SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT, AND (3) NEITHER IT NOR ANY ACCOUNT FOR WHICH IT IS ACQUIRING THE BENEFICIAL INTEREST IS (I) A DEALER OF THE TYPE DESCRIBED IN PARAGRAPH (A)(1)(ii) OF RULE 144A UNLESS IT OWNS AND INVESTS ON A DISCRETIONARY BASIS NOT LESS THAN $25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED TO IT, (II) FORMED OR CAPITALIZED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL HOLDER IS BOTH A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER), (III) A CORPORATION, PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND OR RETIREMENT PLAN IN WHICH THE SHAREHOLDERS, EQUITY OWNERS, PARTNERS, BENEFICIARIES, BENEFICIAL HOLDERS OR PARTICIPANTS, AS APPLICABLE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, (IV) IF FORMED ON OR BEFORE APRIL 30, 1996, AN INVESTMENT COMPANY THAT RELIES ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(d) THEREOF RELYING ON SECTION 3(c)(7) WITH RESPECT TO THOSE OF ITS HOLDERS THAT ARE U.S. PERSONS), UNLESS, WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER, IT HAS, IN THE MANNER REQUIRED BY SECTION 2(a)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER, RECEIVED THE CONSENT OF ITS BENEFICIAL HOLDERS THAT ACQUIRED THEIR INTERESTS ON OR BEFORE APRIL 30, 1996, OR (V) AN ENTITY THAT, IMMEDIATELY SUBSEQUENT TO ITS PURCHASE OR OTHER ACQUISITION OF A BENEFICIAL INTEREST IN THE NOTE, WILL HAVE INVESTED MORE THAN 40% OF ITS ASSETS IN BENEFICIAL INTERESTS IN THE NOTE AND/OR IN OTHER SECURITIES OF THE ISSUER (UNLESS ALL OF THE BENEFICIAL HOLDERS OF SUCH ENTITY'S SECURITIES ARE QUALIFIED PURCHASERS) TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER

TRANSFER IS BEING MADE IN RELIANCE ON THE EXEMPTION FROM SECURITIES ACT REGISTRATION PROVIDED BY RULE 144A.

EACH TRANSFEREE OF AN INTEREST IN A TEMPORARY REGULATION S GLOBAL NOTE OR A PERMANENT REGULATION S GLOBAL NOTE WILL BE DEEMED TO REPRESENT AT THE TIME OF PURCHASE THAT: (1) IT WAS OUTSIDE THE UNITED STATES AND IS A QUALIFIED PURCHASER PURSUANT TO SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT AND NOT A U.S. PERSON, AND (2) ITS ACQUISITION OF NOTES IN ANY SUCH SALE WILL BE FOR ITS OWN ACCOUNT OR ONE OR MORE OTHER ACCOUNTS WITH RESPECT TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, EACH OF WHICH IS A QUALIFIED PURCHASER AND NONE OF WHICH IS A U.S. PERSON.

THE ISSUER DIRECTS THAT THE RECIPIENT OF THIS NOTICE, AND ANY RECIPIENT OF A COPY OF THIS NOTICE, PROVIDE A COPY TO ANY PERSON HAVING AN INTEREST IN THE NOTES WITH RESPECT TO WHICH THIS DISTRIBUTION REPORT IS DELIVERED, AS INDICATED ON THE BOOKS OF THE DEPOSITORY TRUST COMPANY OR ON THE BOOKS OF A PARTICIPANT IN THE DEPOSITORY TRUST COMPANY OR ON THE BOOKS OF AN INDIRECT PARTICIPANT FOR WHICH SUCH PARTICIPANT IN THE DEPOSITORY TRUST COMPANY ACTS AS AGENT.

IF THE ISSUER DETERMINES THAT ANY BENEFICIAL HOLDER OF AN INTEREST IN THE NOTES IS A U.S. PERSON OR OTHERWISE ACQUIRED THE INTEREST IN THE NOTES IN THE UNITED STATES WITHOUT BEING BOTH A QUALIFIED PURCHASER AND A QUALIFIED INSTITUTIONAL BUYER AT THE TIME OF THE PURCHASE OF THE INTEREST IN THE NOTE (OTHER THAN AN INITIAL PURCHASER OF THE NOTES ON THE CLOSING DATE THAT IS BOTH AN INSTITUTIONAL ACCREDITED INVESTOR AND A QUALIFIED PURCHASER HOLDING A BENEFICIAL INTEREST IN THE IAI GLOBAL NOTE) OR IF ANY U.S. PERSON THAT IS A RESTRICTED PARTY SHALL BECOME THE BENEFICIAL HOLDER OF THE INTERESTS IN THE NOTES (ANY SUCH PERSON A "NON-PERMITTED HOLDER"), THE ACQUISITION OF THE BENEFICIAL INTEREST IN THE NOTES BY SUCH NON-PERMITTED HOLDER SHALL BE NULL AND VOID AB INITIO FOR ALL PURPOSES UNDER THE INDENTURE. THE ISSUER SHALL, PROMPTLY AFTER DISCOVERY BY THE ISSUER THAT SUCH PERSON IS A NON-PERMITTED HOLDER OR UPON NOTICE TO THE ISSUER FROM THE TRUSTEE (IF A RESPONSIBLE OFFICER OF THE TRUSTEE OBTAINS ACTUAL KNOWLEDGE WHO, IN EACH CASE, AGREE TO NOTIFY THE ISSUER UPON OBTAINING ACTUAL KNOWLEDGE, IF ANY), SEND NOTICE TO

SUCH NON-PERMITTED HOLDER DEMANDING THAT SUCH NON-PERMITTED HOLDER TRANSFER THE BENEFICIAL INTEREST IN THE NOTES HELD BY SUCH NON-PERMITTED HOLDER TO A PERSON THAT IS NOT A NON-PERMITTED HOLDER WITHIN THIRTY (30) DAYS AFTER THE DATE OF SUCH NOTICE. IF SUCH NON-PERMITTED HOLDER FAILS TO SO TRANSFER THE BENEFICIAL INTEREST IN THE NOTES

WITHIN SUCH THIRTY (30) DAY PERIOD, THE ISSUER SHALL HAVE THE RIGHT, WITHOUT FURTHER NOTICE TO THE NON-PERMITTED HOLDER, TO SELL THE BENEFICIAL INTEREST IN THE NOTES TO A PURCHASER OR PURCHASERS SELECTED BY THE ISSUER THAT IS NOT A NON-PERMITTED HOLDER ON SUCH TERMS AS THE ISSUER MAY CHOOSE. THE ISSUER MAY SELECT THE PURCHASER OR PURCHASERS BY SOLICITING ONE OR MORE BIDS FROM ONE OR MORE BROKERS OR OTHER MARKET PROFESSIONALS THAT REGULARLY DEAL IN SECURITIES SIMILAR TO THE NOTES AND SELL SUCH NOTES TO THE HIGHEST SUCH BIDDER. HOWEVER, THE ISSUER MAY SELECT THE PURCHASER OR PURCHASERS BY ANY OTHER MEANS DETERMINED BY IT IN ITS SOLE DISCRETION. THE BENEFICIAL HOLDER OF EACH NOTE, THE NON-PERMITTED HOLDER AND EACH OTHER PERSON IN THE CHAIN OF TITLE FROM THE BENEFICIAL HOLDER TO THE NON-PERMITTED HOLDER, BY ITS ACCEPTANCE OF A BENEFICIAL INTEREST IN THE NOTES, AGREE TO COOPERATE WITH THE ISSUER AND THE TRUSTEE TO EFFECT SUCH TRANSFERS. THE PROCEEDS OF SUCH SALE, NET OF ANY COMMISSIONS, EXPENSES AND TAXES DUE IN CONNECTION WITH SUCH SALE SHALL BE REMITTED TO THE NON-PERMITTED HOLDER. THE TERMS AND CONDITIONS OF ANY SALE UNDER THIS PARAGRAPH SHALL BE DETERMINED IN THE SOLE DISCRETION OF THE ISSUER, AND NEITHER THE ISSUER NOR THE TRUSTEE SHALL BE LIABLE TO ANY PERSON HAVING A BENEFICIAL INTEREST IN THE NOTES SOLD AS A RESULT OF ANY SUCH SALE OR THE EXERCISE OF SUCH DISCRETION.

(d) After the end of each calendar year but not later than the latest date permitted by Applicable Law, the Trustee shall (or shall instruct any Paying Agent to) furnish to each Person who at any time during such calendar year was a Noteholder of any class of Notes a statement (for example, a Form 1099 or any other means required by Applicable Law) prepared by the Trustee containing the sum of the amounts determined pursuant to the information covered by Exhibit C with respect to the class of Notes for such calendar year or, in the event such Person was a Noteholder of any class of Notes during only a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to the Trustee and that a Noteholder shall reasonably request as necessary for the purpose of such Noteholder's preparation of its U.S. federal income or other tax returns. So long as any of the Notes are registered in the name of DTC or its nominee, such report and such other items shall be prepared on the basis of such information supplied to the Trustee by DTC and the Agent Members and shall be delivered by the Trustee to DTC and by DTC to the applicable Beneficial Holders in the manner described above. In the event that any such information has been provided by any Paying Agent directly to such Person through other tax-related reports or otherwise, the Trustee in its capacity as Paying Agent shall not be obligated to comply with such request for information.

(e) At such time, if any, as the Notes of any class are issued in the form of Definitive Notes, the Trustee shall prepare and deliver the information described in Section 2.13(d) to each Noteholder of a Definitive Note of such class for the relevant period of registered ownership of such Definitive Note as appears on the books and records of the Trustee.

(f) The Trustee shall be at liberty to sanction any method of giving notice to the Noteholders of any class if, in its opinion, such method is reasonable, having regard to the number and identity of the Noteholders of such class and/or to market practice then prevailing, is in the best interests of the Noteholders of such class, and any such notice shall be deemed to have been given on such date as the Trustee may approve; provided, that notice of such method is given to the Noteholders of such class in such manner as the Trustee shall require.

Section 2.14 Identification Numbers. The Issuer in issuing the Notes may use CUSIP, CINS, ISIN, private placement or other identification numbers (if then generally in use), and, if so, the Trustee shall use such CUSIP, CINS, ISIN, private placement or other identification numbers, as the case may be, in notices of redemption or exchange as a convenience to Noteholders; provided, that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption or exchange and that reliance may be placed only on the other identification numbers printed on the Notes; provided, further, that failure to use CUSIP, CINS, ISIN, private placement or other identification numbers in any notice of redemption or exchange shall not affect the validity or sufficiency of such notice.

Section 2.15 Refinancing Notes.

(a) Subject to Section 2.15(b), Section 2.15(c) and Section 2.15(d), the Issuer may issue Refinancing Notes pursuant to this Indenture solely for the purpose of refinancing in whole, but not part, the Outstanding Principal Balance of any class of Notes (including a refinancing of Refinancing Notes). Each refinancing of any class of Notes with the proceeds of an offering of Refinancing Notes (a "Refinancing") shall be authorized pursuant to one or more Resolutions. Each Refinancing Note shall be designated generally as a Note for all purposes under this Indenture, with such further designations added or incorporated in such title as specified in the related Resolution and set forth in any indenture supplemental hereto providing for the issuance of such Notes or specified in the form of such Notes, as the case may be. The Refinancing Notes may, at the option of the Issuer, rank equal in priority relative to the class of Notes being refinanced. Refinancing Notes may be issued on any Business Day.

(b) On the date of any Refinancing, the Issuer shall issue and sell an aggregate principal amount of Refinancing Notes (when added to the Available Collections Amount to be used in connection with such Refinancing) resulting in proceeds in an amount sufficient to pay in full the applicable Redemption Price of the Notes being refinanced in whole thereby plus the Refinancing Expenses relating thereto. The proceeds of each sale of Refinancing Notes shall be used to the extent necessary to make the deposit required by Section 3.9 and to pay such Refinancing Expenses. Subject to Section 3.9(b), once a notice of a Redemption in respect of any Refinancing is published in accordance with Section 3.9(a), each class of Notes to which such notice applies shall become due and payable on the Redemption Date stated in such notice at their Redemption Price.

(c) Each Refinancing Note shall contain such terms as may be established in or pursuant to the related Resolution (subject to Section 2.1(d)) and set forth in any indenture supplemental hereto providing for the issuance of such Notes or specified in the form of such Notes to the extent permitted below. Prior to the issuance of any Refinancing Notes, any or all

of the following, as applicable, with respect to the related issue of Refinancing Notes shall have been determined by the Issuer and set forth in such Resolution and in any indenture supplemental hereto providing for the issuance of such Notes or specified in the form of such Notes, as the case may be:

(i) the class of Notes to be refinanced by such Refinancing Notes;

(ii) the aggregate principal amount of each class of Refinancing Notes that may be issued in respect of such Refinancing;

(iii) the proposed date of such Refinancing;

(iv) the Final Legal Maturity Date of each class of such Refinancing Notes;

(v) the rate at which such Refinancing Notes shall bear interest or the method by which such rate shall be determined;

(vi) the denomination or denominations in which any class of such Refinancing Notes shall be issuable;

(vii) whether such Refinancing Notes shall be subject to redemption pursuant to Section 3.8(c);

(viii) whether any such Refinancing Notes are to be issuable initially in temporary or permanent global form and, if so, whether Beneficial Holders of interests in any such permanent global Refinancing Note may exchange such interests for Refinancing Notes of such class and of like tenor and of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 2.7, and the circumstances under which and the place or places where any such exchanges may be made and the identity of any initial depositary therefor;

(ix) the ranking in priority of such Refinancing Notes relative to any other classes (or sub-classes) of Notes; and

(x) any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to the class of Refinancing Notes (which terms shall comply with Applicable Law and not violate any restrictions of this Indenture).

(d) If any of the terms of any issue of Refinancing Notes are established by action taken pursuant to one or more Resolutions, such Resolutions shall be delivered to the Trustee setting forth the terms of such Refinancing Notes.

Section 2.16 Subordinated Notes.

(a) Subject to Section 2.16(b), Section 2.16(c), Section 2.16(d) and Section 2.16(e), the Issuer may issue Subordinated Notes pursuant to this Indenture (each, a

"Subordinated Note Issuance") for any purpose, including, at the option of the Issuer, for the purpose of funding a redemption of the Original Notes (or any Refinancing Notes in respect of the Original Notes), in whole or in part. Each Subordinated Note Issuance shall be authorized pursuant to one or more Resolutions. Each Subordinated Note shall be designated generally as a Note for all purposes under this Indenture. Each Subordinated Note shall have such further designations added or incorporated in such title as specified in the related Resolution and set forth in any indenture supplemental hereto providing for the issuance of such Notes or specified in the form of such Notes, as the case may be. There are no limitations on the use of proceeds from the issuance of any such Subordinated Notes, including making distributions to the Equityholder and redeeming the Original Notes (or any Refinancing Notes in respect of the Original Notes) in whole or in part.

(b) If the proceeds of the Subordinated Notes are being used to redeem any of the Notes, on the date of any Subordinated Note Issuance, the Issuer shall issue and sell an aggregate principal amount of Subordinated Notes in an amount not less than the amount sufficient to pay in full the applicable Redemption Price of the Notes being redeemed thereby plus the Transaction Expenses relating thereto. The proceeds of each sale of such Subordinated Notes shall be used to make the deposit required by Section 3.9, to the extent applicable, to pay such Transaction Expenses and/or for such other purposes, if any, as shall be specified in the Resolution authorizing the issuance of such Subordinated Notes. Subject to Section 3.9(b), once a notice of Redemption in respect of any Subordinated Note Issuance is published in accordance with Section 3.9(a), each class of Notes to which such notice applies shall become due and payable on the Redemption Date stated in such notice at their Redemption Price.

(c) Each Subordinated Note shall contain such terms as may be established in or pursuant to the related Resolution (subject to Section 2.1(e)) and set forth in any indenture supplemental hereto providing for the issuance of such Notes or specified in the form of such Notes to the extent permitted herein, shall rank in priority relative to any other classes (or sub-classes) of Subordinated Notes as specified in such Resolution and set forth in an indenture supplemental hereto and, in any event, shall be subordinate to the Original Notes (and any Refinancing Notes in respect of the Original Notes) to the extent provided in this Indenture. Prior to the issuance of any such Subordinated Notes, any or all of the following, as applicable, with respect to the related Subordinated Note Issuance shall have been determined by the Issuer and set forth in such Resolution and in any indenture supplemental hereto or specified in the form of such Subordinated Notes, as the case may be, with respect to such Subordinated Notes to be issued:

(i) the aggregate principal amount of any such Subordinated Notes that may be issued;

(ii) the proposed date of such Subordinated Note Issuance;

(iii) the Final Legal Maturity Date of any such Subordinated Notes;

(iv) whether any such Subordinated Notes are to have the benefit of any reserve account and, if so, the amount and terms thereof;

(v) the rate at which such Subordinated Notes shall bear interest or the method by which such rate shall be determined;

(vi) the denomination or denominations in which such Subordinated Notes shall be issuable;

(vii) whether such Subordinated Notes shall be subject to redemption pursuant to Section 3.8(c);

(viii) whether any such Subordinated Notes are to be issuable initially in temporary or permanent global form and, if so, whether Beneficial Holders of interests in any such permanent global Subordinated Note may exchange such interests for Subordinated Notes of like tenor and of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 2.7, and the circumstances under which and the place or places where any such exchanges may be made and the identity of any initial depositary therefor;

(ix) the ranking in priority of such Subordinated Notes relative to any other classes (or sub-classes) of Notes;

(x) the use of proceeds of such Subordinated Note Issuance; and

(xi) any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to such Subordinated Notes (which terms shall comply with Applicable Law and not violate any restrictions of this Indenture).

(d) If any of the terms of any issue of Subordinated Notes are established by action taken pursuant to one or more Resolutions, such Resolutions shall be delivered to the Trustee setting forth the terms of such Subordinated Notes.

(e) Any Subordinated Notes shall be subordinated to the Original Notes (and any Refinancing Notes in respect of the Original Notes) pursuant to the Priority of Payments, and no payments of principal, interest or Premium, if any, may be made on such Subordinated Notes from the Available Collections Amount until the Original Notes (and any Refinancing Notes in respect of the Original Notes) have been paid in full. In addition, while any Original Notes (or any Refinancing Notes in respect of the Original Notes) are Outstanding, the Issuer may redeem the Subordinated Notes solely with monies that are not Retained Royalty Payments.

Section 2.17 Section 3(c)(7) Procedures.

(a) The Issuer shall, upon two (2) Business Days' prior written notice, cause the Registrar to send, and the Registrar hereby agrees to send on at least an annual basis, a notice from the Issuer to DTC in substantially the form of Exhibit G hereto (the "Important Section 3(c)(7) Notice"), with a request that DTC forward each such notice to the relevant DTC participants for further delivery to the Beneficial Holders. If DTC notifies the Issuer or the Registrar that it will not forward such notices, the Issuer will request DTC to deliver to the Issuer a list of all DTC participants holding an interest in the Notes and the Registrar and Paying Agent will send the Important Section 3(c)(7) Notice directly to such participants.

(b) The Issuer shall direct DTC to take the following steps in connection with the Global Notes:

(i) The Issuer shall direct DTC to include the marker "3c7" in the DTC 20-character security descriptor and the 48-character additional descriptor for the Global Notes in order to indicate that sales are limited to Qualified Purchasers.

(ii) The Issuer shall direct DTC to cause each physical deliver order ticket that is delivered by DTC to purchasers to contain the 20-character security descriptor. The Issuer shall direct DTC to cause each deliver order ticket that is delivered by DTC to purchasers in electronic form to contain a "3c7" indicator and a related user manual for participants. Such user manual shall contain a description of the relevant restrictions imposed by Section 3(c)(7) of the Investment Company Act.

(iii) On or prior to the Closing Date, the Issuer shall instruct DTC to send the Important Section 3(c)(7) Notice to all DTC participants in connection with the offering of the Global Notes.

(iv) In addition to the obligations of the Registrar set forth in Section 2.7, the Issuer shall from time to time (upon the request of the Trustee) make a request to DTC to deliver to the Issuer a list of all DTC participants holding an interest in the Global Notes.

(v) The Issuer shall cause each CUSIP number obtained for a Global Note to have a fixed field containing "3c7" and "144A" indicators, as applicable, attached to such CUSIP number.

(c) The Issuer shall from time to time request all third-party vendors to include on screens maintained by such vendors appropriate legends regarding Rule 144A and Section 3(c)(7) restrictions on the Global Notes under the Investment Company Act. Without limiting the foregoing, the Issuer shall request that all third-party vendors include the following legends on each screen containing information about the Notes:

(i) Bloomberg

(1) "Iss'd Under 144A/3c7", to be stated in the "Note Box" on the bottom of the "Security Display" page describing the Global Notes;

(2) a flashing red indicator stating "See Other Available Information" located on the "Security Display" page;

(3) a link to an "Additional Security Information" page on such indicator stating that the Global Notes are being offered in reliance on the exemption from registration under Rule 144A to Persons that are both (i) Qualified Institutional Buyers and (ii) Qualified Purchasers; and

(4) a statement on the "Disclaimer" page for the Global Notes that the Notes shall not be and have not been registered under the Securities Act, that the

Issuer has not been registered under the Investment Company Act and that the Global Notes may only be offered or sold in accordance with Section 3(c)(7) of the Investment Company Act.

(ii) Reuters

(1) a "144A — 3c7" notation included in the security name field at the top of the Reuters Instrument Code screen;

(2) a "144A3c7Disclaimer" indicator appearing on the right side of the Reuters Instrument Code screen; and

(3) a link from such "144A3c7Disclaimer" indicator to a disclaimer screen containing the following language: "These Notes may be sold or transferred only to Persons who are both (i) Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act, and (ii) Qualified Purchasers, as defined under Section 3(c)(7) of the Investment Company Act."

Section 2.18 Beneficial Holder Representations and Warranties. Each Person who is an initial purchaser or a subsequent transferee of a Beneficial Interest in the Notes will be deemed to represent, warrant and agree on the date such Person acquires the Beneficial Interest in the Notes as follows:

(a) With respect to any sale of Notes pursuant to Rule 144A, it is both a QIB pursuant to Rule 144A and a Qualified Purchaser pursuant to Section 2(a)(51) of the Investment Company Act, and is aware that any sale of Notes to it will be made in reliance on Rule 144A. Its acquisition of Notes in any such sale will be for its own account or one or more accounts with respect to which it exercises sole investment discretion, each of which is both a QIB pursuant to Rule 144A and a Qualified Purchaser pursuant to Section 2(a)(51) of the Investment Company Act, and neither it nor any account for which it is acquiring the Beneficial Interest is (1) a dealer of the type described in paragraph (a)(1)(ii) of Rule 144A unless it owns and invests on a discretionary basis not less than $25,000,000 in securities of issuers that are not affiliated to it, (2) formed or capitalized for the specific purpose of investing in the Issuer (except where each Beneficial Holder is both a QIB and a Qualified Purchaser), (3) a corporation, partnership, common trust fund, special trust, pension fund or retirement plan in which the shareholders, equity owners, partners, beneficiaries, Beneficial Holders or participants, as applicable, may designate the particular investments to be made, (4) if formed on or before April 30, 1996, an investment company that relies on the exclusion from the definition of "investment company" provided by Section 3(c)(7) of the Investment Company Act (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(7) with respect to those of its holders that are U.S. Persons), unless, with respect to its treatment as a Qualified Purchaser, it has, in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations thereunder, received the consent of its Beneficial Holders that acquired their interests on or before April 30, 1996 or (5) an entity that, immediately subsequent to its purchase or other acquisition of a Beneficial Interest in the Note, will have invested more than 40% of its assets in Beneficial Interests in the Note and/or in other securities of the Issuer (unless all of the Beneficial Holders of such entity's securities are Qualified Purchasers) to whom notice is given

that the resale, pledge or other transfer is being made in reliance on the exemption from Securities Act registration provided by Rule 144A.

(b) With respect to any initial sale of Notes to an Institutional Accredited Investor, it is both an Institutional Accredited Investor and a Qualified Purchaser pursuant to Section 2(a)(51) of the Investment Company Act, and is acquiring the Notes for its own account (and not for the accounts of others), pursuant to an exemption from the registration requirements of the Securities Act. Its acquisition of Notes in any such sale will be for its own account or one or more accounts with respect to which it exercises sole investment discretion, each of which is both an Institutional Accredited Investor and a Qualified Purchaser pursuant to Section 2(a)(51) of the Investment Company Act.

(c) With respect to any sale of Notes pursuant to Regulation S, at the time the buy order for such Notes was originated, it was outside the United States and is a Qualified Purchaser and not a U.S. Person. Its acquisition of Notes in any such sale will be for its own account or one or more other accounts with respect to which it exercises sole investment discretion, each of which is a Qualified Purchaser and none of which is a U.S. Person.

(d) It has not and will not, at any time, offer to buy or offer to sell the Notes by any form of general solicitation or advertising (as those terms are used in Regulation D under the Securities Act), including any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertising, or any public offering within the meaning of the Securities Act.

(e) It has not been formed for the purpose of investing in the Notes, except where each Beneficial Holder is (i) both a QIB and a Qualified Purchaser (for Notes acquired in the United States), (ii) both an Institutional Accredited Investor that is also a Qualified Purchaser (for initial purchasers of the Notes acquired in the United States) or (iii) both a Qualified Purchaser and not a U.S. Person (for the Notes acquired outside the United States).

(f) It is not a Restricted Party and will not transfer an interest in the Notes to a transferee that is a Restricted Party.

(g) It will, and each account for which it is purchasing will, hold and transfer the Notes in the minimum denomination of $250,000 and integral multiples of $1.00 in excess thereof as adjusted to reflect the repayment of principal thereof in accordance with the Priority of Payments on any Payment Date or as a result of one or more Optional Redemptions. If scheduled interest is added to the principal balance of the Notes on any Payment Date

that occurs during the Interest Deferral Period, the scheduled interest added to the principal balance of the Offered Notes will be rounded upward or downward if necessary to the nearest $1.00 in order to maintain the integral multiple of $1.00 in excess of the minimum denomination of the Notes.

(h) It understands that the Issuer and the Servicer may receive a list of participants holding positions in the Notes from one or more book-entry depositories.

(i) It will provide to each Person to whom it transfers Notes notices of any restrictions on transfer of such Notes.

(j) If it is a Section 3(c)(1) or Section 3(c)(7) investment company, or a Section 7(d) foreign investment company relying on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act with respect to its U.S. holders, and was formed on or before April 30, 1996, it has received the necessary consent from its Beneficial Holders as required by the Investment Company Act.

(k) It understands that (i) the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority in any jurisdiction other than on the official list of the Cayman Islands Stock Exchange and may not be offered, sold, pledged or otherwise transferred except as set forth in this Indenture, and that it will not resell or otherwise pledge or transfer the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or other applicable securities laws, including the Investment Company Act, in the manner set forth in this Indenture, (ii) no representation is made by the Issuer or the Placement Agent as to the availability of any exemption under the Securities Act or any state or foreign securities laws for resale of the Notes, (iii) the Notes may be offered, sold, pledged or otherwise transferred only (A) to the Issuer or the Equityholder or any of their respective subsidiaries, (B) in the United States to a Person that the seller reasonably believes is a QIB/QP purchasing for its own account or one or more accounts with respect to which it exercises sole investment discretion, each of which is a QIB/QP, in a transaction meeting the requirements of Rule 144A, (C) solely in the case of initial investors in the Notes, in the United States to a Person that is an IAI/QP, acquiring the Notes for its own account or one or more accounts with respect to which it exercises sole investment discretion, each of which is an IAI/QP, pursuant to an exemption from the registration requirements of the Securities Act or (D) outside the United States to a Person that is a Qualified Purchaser and not a U.S. Person purchasing the Notes for its own account or one or more other accounts with respect to which it exercises sole investment discretion, each of which is a Qualified Purchaser and none of which is a U.S. Person in an offshore transaction meeting the requirements of Regulation S, in each such case in accordance with this Indenture and any applicable securities laws of any state of the United States and (iv) it will, and each subsequent holder of a Note is required to, notify any subsequent purchaser of a Note of the resale restrictions set forth in clause (iii) above.

(l) It acknowledges and agrees that the Memorandum relates to an offering that is exempt from the registration requirements of the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(m) It understands that the certificates evidencing the Global Notes will bear legends substantially similar to those set forth in Section 2.2(a), Section 2.2(b) and, where applicable, Section 2.2(c) of this Indenture.

(n) It has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the purchase of the Notes, and is able and prepared to bear the economic risk of investing in and holding the Notes.

(o) It acknowledges and agrees that none of the Issuer, any other Person from whom the Note is transferred or any Person representing the Issuer or such other Person has made any representation or warranty to it with respect to the Issuer or the offering or sale of any

Notes, other than the information contained in the Memorandum, which Memorandum has been delivered to it if it is an initial purchaser of the Notes and upon which it is relying in making its investment decision with respect to the Notes; accordingly, it acknowledges that no representation or warranty is made by any such Person as to the accuracy or completeness of such materials; and it acknowledges that an investment in the Notes involves certain risks, including the risk of loss of a substantial part of its investment under certain circumstances, and that it has had access to such financial and other information concerning the Issuer and the Notes (which if it is an initial purchaser of the Notes includes such information contained in the Memorandum or a dataroom) as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and such other Persons (except to the extent the Issuer is restricted from disclosing such information pursuant to the confidentiality provisions of the Counterparty Agreement).

(p) It acknowledges that it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary and that it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the documentation for the Notes) based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer, the Placement Agent or any of their respective affiliates; it acknowledges that it has determined that the rates, prices or amounts and other terms of the purchase and sale of the Notes reflect those in the relevant market for similar transactions and it is purchasing the Notes with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and it is a sophisticated investor familiar with transactions similar to its investment in the Notes.

(q) Either (i) it is not a Plan and is not acting on behalf of a Plan or using the Plan Assets to purchase the Notes or (ii) it is a Plan or is acting on behalf of a Plan or using the Plan Assets to purchase the Notes but the purchase and holding of such Notes will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code by reason of the application of one or more statutory or administrative exemptions or otherwise and will not constitute or result in a violation of any Similar Laws.

(r) It represents and warrants that it agrees to treat the Notes as indebtedness for all purposes (including tax purposes) and will not take any action contrary to such characterization, including filing any tax returns or financial statements.

(s) It represents, warrants and agrees that it is purchasing the Notes for investment purposes and not with a view to resale or distribution thereof in contravention of the requirements of the Securities Act.

(t) It acknowledges and agrees that the Issuer, the Trustee, any other Person from whom a Note is being transferred and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agree that, if any of the acknowledgments, representations or warranties deemed to have been made by it by its purchase of a Note are no longer accurate, it shall promptly notify the Issuer and any such other Person from whom a Note is being transferred and, if it is acquiring any Notes as a fiduciary or

agent for one or more investor accounts, it represents and warrants that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations, warranties and agreements on behalf of each such account and that each such investor account is eligible to purchase the Notes.

(u) It understands that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth herein and it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with such restrictions and conditions and the Securities Act.

Section 2.19 Non-Permitted Holders.

(a) Notwithstanding anything to the contrary elsewhere herein, any sale or transfer of a Note or a Beneficial Interest to (i) a U.S. Person that is not a QIB/QP (other than an initial purchaser of the Notes that is both an Institutional Accredited Investor and a Qualified Purchaser holding a Beneficial Interest in the IAI Global Note), (ii) any other Person that did not acquire the Note or the Beneficial Interest in an offshore transaction in accordance with Regulation S or (iii) a Person that is a Restricted Party (any such Person described in clauses (i) through (iii) being referred to herein as a "Non-Permitted Holder") shall be null and void ab initio for all purposes of this Indenture and the Notes. Any such purported transfer of which the Issuer or the Trustee shall have notice may be disregarded by the Issuer and the Trustee for all purposes under this Indenture.

(b) If any Person is a Non-Permitted Holder, the Issuer shall, promptly after the actual knowledge of a Responsible Officer of the Issuer or the Trustee that such Person is a Non-Permitted Holder (for which purpose the Trustee shall deliver written notice to the Issuer if a Responsible Officer of the Trustee has actual knowledge that any Person is a Non-Permitted Holder), send written notice to such Non-Permitted Holder directing such Non-Permitted Holder to transfer its beneficial interest in the Note to a Person that is not a Non-Permitted Holder within thirty (30) days of the date of such written notice. If such Non-Permitted Holder fails to so transfer the Beneficial Interest in the Notes within such thirty (30) day period, the Issuer shall have the right, without further notice to the Non-Permitted Holder, to sell the Beneficial Interest in the Notes to a purchaser or purchasers selected by the Issuer that is not a Non-Permitted Holder on such terms as the Issuer may choose. The Issuer may select the purchaser or purchasers by soliciting one or more bids from one or more brokers or other market professionals that regularly deal in securities similar to the Notes and sell such Notes to the highest such bidder. However, the Issuer may select the purchaser or purchasers by any other means determined by it in its sole discretion. The Beneficial Holder of each Note, the Non-Permitted Holder and each other Person in the chain of title from the Beneficial Holder to the Non-Permitted Holder, by its acceptance of a Beneficial Interest in the Notes, agree to cooperate with the Issuer and the Trustee to effect such transfers. The proceeds of such sale, net of any commissions, expenses and taxes due in connection with such sale, shall be remitted to the Non-Permitted Holder. The terms and conditions of any sale under this sub-section shall be determined in the sole discretion of the Issuer, and neither the Issuer nor the Trustee shall be liable to any Person having a Beneficial Interest in the Notes sold as a result of any such sale or the exercise of such discretion.

(c) Each initial purchaser of the Notes on the Closing Date shall provide a certification that it is not a Restricted Party. The restriction set forth in the preceding sentence may not be waived or amended.

ARTICLE III
ACCOUNTS; PRIORITY OF PAYMENTS

Section 3.1 Establishment of Accounts.

(a) Pursuant to the terms of the Servicing Agreement, the Issuer shall cause the Servicer, acting on behalf of the Issuer, to establish and maintain with the Trustee on its books and records in the name of the Issuer for the benefit of the Secured Parties, subject to the Lien of this Indenture, (i) a collection account (the "Collection Account") and (ii) any additional accounts the establishment of which is set forth in a Resolution delivered by the Issuer to the Servicer and the Trustee, in each case at such time as is set forth in this Section 3.1 or in such Resolution. Each Account shall be established and maintained as an Eligible Account so as to create, perfect and establish the priority of the Liens established under this Indenture in such Account and all cash, Eligible Investments and other property from time to time deposited therein and otherwise to effectuate the Liens under this Indenture.

(b) If, at any time, any Account ceases to be an Eligible Account, the Issuer shall cause the Servicer or an agent thereof to, within ten Business Days, establish a new Account meeting the conditions set forth in this Section 3.1 in respect of such Account and transfer any cash or investments in the existing Account to such new Account, and, from the date such new Account is established, it shall have the same designation as the existing Account. If the Trustee should change at any time, then the Issuer shall cause the Servicer, acting on behalf of the Issuer, to thereupon promptly establish replacement Accounts as necessary at the successor Trustee and transfer the balance of funds in each Account then maintained at the former Trustee pursuant to the terms of the Servicing Agreement to such successor Trustee.

(c) The Issuer shall cause the Servicer to maintain the Collection Account at the Trustee not later than the Closing Date. The Collection Account shall bear a designation clearly indicating that the funds or other assets deposited therein are held for the benefit of the Trustee. Except as otherwise expressly provided herein, all Retained Royalty Payments shall be deposited to the Collection Account and transferred therefrom in accordance with the terms of the Servicing Agreement and this Indenture.

Section 3.2 Investments of Cash.

(a) So long as no Event of Default has occurred and is continuing, the Servicer (on behalf of the Issuer) may direct the Trustee in writing to invest and reinvest the funds on deposit in the Collection Account in Eligible Investments, to the extent such Eligible Investments are available to the Trustee,

and advise the Trustee in writing of any depositary institution or trust company described in the proviso to the definition of Eligible Investments; provided, however, that, so long as an Event of Default has occurred and is continuing, the Trustee shall invest such amount in Eligible Investments described in clause (a) of the definition thereof from the time of receipt thereof until such time as such amounts are required to be distributed pursuant to the

terms of this Indenture. In the absence of written direction delivered to the Trustee from the Servicer, the Trustee shall invest any funds in Eligible Investments described in clause (a) of the definition thereof. The Trustee shall make such investments and reinvestments in accordance with the terms of the following provisions:

(i) the Eligible Investments shall have maturities and other terms such that sufficient funds shall be available to make required payments pursuant to this Indenture on the Business Day preceding the first succeeding scheduled Payment Date after such investment is made;

(ii) if any funds to be invested are received in the Accounts after 1:00 p.m., New York City time, on any Business Day, such funds shall, if possible, be invested in overnight Eligible Investments;

(iii) all interest and earnings on Eligible Investments held in the Accounts shall be invested in Eligible Investments on an overnight basis and credited to the appropriate Account until the next Payment Date; and

(iv) the Issuer acknowledges that regulations of the U.S. Comptroller of the Currency grant the Issuer the right to receive confirmations of security transactions as they occur, and the Issuer specifically waives receipt of such confirmations to the extent permitted by Applicable Law and acknowledges that the Trustee shall instead furnish monthly cash transaction statements that shall detail all investment transactions as set forth in this Indenture.

(b) Except as otherwise expressly provided herein, the net investment income earned from the investment of amounts on deposit in the Collection Account in Eligible Investments in the manner provided in this Section 3.2 shall be deposited by the Trustee to the Collection Account and transferred therefrom in accordance with the terms of the Servicing Agreement and this Indenture.

Section 3.3 Payments and Transfers In Connection with Issuance of Notes.

(a) On the Closing Date, the Trustee shall, subject to the receipt of written direction from the Issuer, upon receipt of the Note Purchase Price in the Trustee Closing Account established pursuant to Section 3.1 of the Purchase Agreements, make the following payments from such proceeds in the amounts so directed in writing by the Issuer:

(i) to such Persons and in such amounts as shall be specified by the Issuer, such Transaction Expenses as shall be due and payable in connection with the issuance and sale of the Notes; and

(ii) to the Transferor, in accordance with the Sale and Contribution Agreement, the amount by which the Note Purchase Price exceeds the sum of such Transaction Expenses.

(b) On the date of issuance of any Subordinated Notes or any Refinancing Notes, the Trustee shall, subject to the receipt of written direction from the Issuer and upon

receipt of the proceeds of the sale of such Notes, make such payments and transfers as shall be specified in this Indenture, the related Resolution and any indenture supplemental hereto in respect of such Notes, copies of which Resolution and indenture supplemental hereto shall be attached to such written direction.

(c) The Trustee shall hold all funds received on or prior to the Closing Date from the Note Purchasers in trust for the Note Purchasers pending the Closing Date. Upon receipt by the Trustee of the aggregate Note Purchase Price (as identified in the Issuer's written direction pursuant to Section 3.3(a)) from all Note Purchasers, the Trustee shall disburse the Note Purchase Price in accordance with this Section 3.3. If the aggregate Note Purchase Price shall not have been received by the Trustee by 3:30 p.m. (New York City time) on the Closing Date, or if the closing of the transactions contemplated by the Purchase Agreements shall not otherwise be capable of being consummated by 3:30 p.m. (New York City time) on the Closing Date, then each Note Purchaser who has paid its respective portion of the Note Purchase Price shall have the right to instruct the Trustee in writing at or after 3:30 p.m. (New York City time) on the Closing Date to return such portion of the Note Purchase Price to such Note Purchaser prior to the close of business on the Closing Date or as soon thereafter as reasonably practicable.

Section 3.4 Calculation Date Calculations.

(a) As soon as reasonably practicable after each Calculation Date (a "Relevant Calculation Date"), but in no event later than 12:00 noon (New York City time) on the third Business Day immediately preceding the related Payment Date, the Calculation Agent shall, based on the Calculation Date Information received by the Calculation Agent, and based on information known to it or Relevant Information provided to it, make the following determinations and calculations (and each of the Trustee and the Issuer (for itself and on behalf of the Servicer) agrees to provide any Relevant Information reasonably requested by the Calculation Agent for the purpose of making such determinations and calculations):

(i) the Available Collections Amount for the related Payment Date;

(ii) (x) the amount withdrawn from the Concentration Account for deposit to the Collection Account on such Relevant Calculation Date pursuant to Section 3.1(e)(v) of the Servicing Agreement, (y) the amount of interest and earnings (net of losses and investment expenses), if any, on investments of funds on deposit in the Collection Account from the day following the preceding Calculation Date to and

including such Relevant Calculation Date and (z) the amount, if any, to be withdrawn from the Collection Account on such Payment Date in accordance with Section 3.7 and as calculated pursuant to Section 3.4(a)(ix);

(iii) the balance of funds on deposit in each Account other than the Collection Account on such Relevant Calculation Date and the amount of interest and earnings (net of losses and investment expenses), if any, on investments of funds on deposit therein from the day immediately following the Calculation Date that preceded such Relevant Calculation Date and ending on such Relevant Calculation Date;

(iv) the balance of funds on deposit in the Collection Account on such Relevant Calculation Date;

(v) Taxes owed by the Issuer;

(vi) (x) all other Administrative Expenses due and payable on such Payment Date and not previously paid or reimbursed, and to be paid or reimbursed, pursuant to Section 3.6(a)(iii), in the amounts shown on all supporting documentation therefor and attached to the Calculation Date Information received by the Calculation Agent, and (y) all Administrative Expenses previously reimbursed and paid to the Issuer in respect of Administrative Expenses pursuant to Section 3.6(c) from the day immediately following the Calculation Date that preceded such Relevant Calculation Date and ending on such Relevant Calculation Date;

(vii) the applicable interest rate on each class of Floating Rate Notes (if any) determined on the Reference Date for the Interest Accrual Period beginning on such Payment Date and the Interest Amount (including any Additional Interest) on each class of Floating Rate Notes and Fixed Rate Notes for such Payment Date;

(viii) if such Payment Date is a Redemption Date on which a Redemption of Notes is scheduled to occur, the amount necessary to pay the Redemption Price (and related Administrative Expenses) of the Notes to be repaid on such Redemption Date and the Redemption Premium, if any, to be paid as part of such Redemption Price;

(ix) the Interest Amount due to Noteholders of each class of Notes on such Payment Date and the difference, if any, between the Interest Amount due to the Noteholders of each class of Notes on such Payment Date and the Available Collections Amount for such Payment Date, after giving effect to the payment of all amounts to be paid or reimbursed on such Payment Date pursuant to Section 3.6(a)(i), Section 3.6(a)(ii) and Section 3.6(a)(iii) (such difference, an "Interest Shortfall"), and, with respect to each Interest Shortfall, the amount to be withdrawn from the Collection Account determined as provided in Section 3.7(b)(i);

(x) the Outstanding Principal Balance of each class of Notes on such Payment Date immediately prior to any principal payment with respect to the Outstanding Principal Balance on such Payment Date and the amount of any principal payment with respect to the Outstanding Principal Balance to be made in respect of each class of Notes on such Payment Date, taking into account the other payments to be made as principal payments on such Payment Date entitled to priority pursuant to Section 3.6;

(xi) the amounts, if any, distributable to the Issuer on such Payment Date pursuant to Section 3.6(a)(x); and

(xii) any other information, determinations and calculations reasonably required in order to give effect to the terms of this Indenture and the other Transaction Documents.

(b) Following the calculations and determinations by the Calculation Agent described in Section 3.4(a), and not later than 1:00 p.m., New York City time, on the second Business Day prior to the succeeding Payment Date, the Calculation Agent shall provide to each of the Issuer, the Servicer and the Trustee a calculation report (a "Calculation Report") listing the determinations and calculations set forth in Section 3.4(a). All calculations made by the Calculation Agent shall, in the absence of manifest error, be binding and conclusive for all purposes upon the Noteholders, the Beneficial Holders, the Servicer, the Issuer and the Trustee.

Section 3.5 Payment Date First Step Transfers. On each Payment Date, the Trustee shall transfer from any Account (other than the Collection Account) to the Collection Account the amount of interest and earnings (net of losses and investment expenses), if any, earned as a result of investments of funds on deposit therein from the day immediately following the Calculation Date that preceded the Relevant Calculation Date and ending on the Relevant Calculation Date.

Section 3.6 Payment Date Second Step Withdrawals.

(a) On each Payment Date, after the applicable transfers provided for in Section 3.5 have been made, based solely on the information contained in the Distribution Report prepared by the Servicer in respect of that Payment Date, the Trustee shall distribute (or instruct the Paying Agent to distribute) from the Collection Account the amounts set forth below in the order of priority set forth below but, in each case, only to the extent that all amounts then required to be paid ranking prior thereto have been paid in full (the "Priority of Payments"):

(i) first, to pay accrued and unpaid government taxes, filing fees and registration fees payable by the Issuer to any federal, state or local government entities (excluding in each case federal, state and local income taxes);

(ii) second, (a) to pay any accrued and unpaid Servicing Fee in respect of such Payment Date and any previously accrued and unpaid Servicing Fee with respect to prior Payment Dates or (b) if a Servicer Termination Event has occurred and the Issuer is designated as the replacement Servicer under the Servicing Agreement, to pay the expenses of the Issuer in respect of such Payment Date and any previously accrued and unpaid similar expenses related to the hiring and retention of employees to perform the duties and obligations of the Servicer under the Servicing Agreement in an amount not to exceed $25,000;

(iii) third, to pay accrued and unpaid Administrative Expenses in the order of priority set forth in the definition of Administrative Expenses in an amount not to exceed $50,000;

(iv) fourth, to the Trustee for distribution to the Noteholders, the accrued and unpaid interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes), including any accrued interest due on prior Payment Dates and not previously paid, together with interest on any previously accrued and unpaid interest to the extent legally permissible;

(v) fifth, to pay all accrued and unpaid Administrative Expenses in the order of priority set forth in the definition of Administrative Expenses in excess of the cap set forth in clause (iii) above;

(vi) sixth, to the Trustee for distribution to the Noteholders, the outstanding principal balance of the Original Notes (or any Refinancing Notes in respect of the Original Notes), *pro rata* according to the principal balance of the Original Notes (or any Refinancing Notes in respect of the Original Notes) held by each Noteholder;

(vii) seventh, following the payment in full of the Original Notes (or any Refinancing Notes in respect of the Original Notes), to the Trustee for distribution to the Noteholders of the Subordinated Notes, if any, the accrued and unpaid interest on the Subordinated Notes if the Subordinated Notes earn interest at a stated rate in accordance with the terms of the Subordinated Notes;

(viii) eighth, following the payment in full of the Original Notes (or any Refinancing Notes in respect of the Original Notes), to the Trustee for distribution to the Noteholders of the Subordinated Notes, if any, the principal balance of the Subordinated Notes in accordance with the terms of the Subordinated Notes;

(ix) ninth, following the payment in full of the Original Notes (or any Refinancing Notes in respect of the Original Notes), to the ratable payment of all other accrued and unpaid obligations of the Issuer under the Transaction Documents until all such amounts are paid in full; and

(x) tenth, following the payment in full of the Original Notes (or any Refinancing Notes in respect of the Original Notes), to or at the direction of the Issuer, all remaining amounts.

(b) To the extent the Issuer receives amounts from the Trustee from the Collection Account pursuant to Section 3.6(a)(x), such amounts may be distributed by the Issuer to the Equityholder (or as otherwise directed by the Equityholder or any Person designated by the Equityholder to give such directions) in its sole discretion. The provisions contained in this Section 3.6(b) may not be amended, modified, waived or terminated (including pursuant to any termination of this Indenture) without the prior written consent of the Equityholder, and the provisions contained in this Section 3.6(b) shall survive the termination of this Indenture. The parties hereto specifically agree that each Equityholder (i) is and shall be an express third-party beneficiary of the provisions of this Section 3.6(b) and (ii) shall have the right to enforce any provision of this Section 3.6(b).

(c) Notwithstanding anything herein to the contrary, so long as no Event of Default has occurred and is continuing, the Calculation Agent shall, on the 15th day of each calendar month (other than any month in which a Payment Date falls) or, if such 15th day is not a Business Day, the next Business Day, reimburse and pay to the Issuer (or such other appropriate Person identified at the written instruction of the Issuer), from the Collection Account, an amount equal to the lesser of (i) all Administrative Expenses not previously paid or reimbursed and (ii) the balance of the Collection Account, in either case upon delivery to the

Calculation Agent by the Issuer, not less than three (3) Business Days prior to such 15th day or next Business Day, as the case may be, of a written notice as to the amount of such Administrative Expenses.

Section 3.7 Interest Shortfalls: Interest Deferral Period, Voluntary Capital Contributions.

(a) To the extent there are insufficient funds to pay scheduled interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) in accordance with the Priority of Payments on any Payment Date from and including the November 15, 2014 Payment Date to and including the May 15, 2016 Payment Date (the period from and including the November 15, 2014 Payment Date to and including the May 15, 2016 Payment Date being referred to herein as the "Interest Deferral Period"), the scheduled interest (to the extent of such insufficient funds) shall be added to the principal balance of the Original Notes (or any Refinancing Notes in respect of the Original Notes) and shall bear interest at the Note Interest Rate. The failure to pay scheduled interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) in cash because of insufficient funds for such purpose in accordance with the Priority of Payments on any Payment Date during the Interest Deferral Period shall not be an Event of Default under this Indenture.

(b) The Equityholder may, but is not obligated to, make capital contributions to the Issuer for deposit to the Collection Account that may be used by the Issuer (i) to pay all or part of the accrued and unpaid interest then due and payable on the Original Notes (or any Refinancing Notes in respect of the Original Notes) (including any accrued and unpaid interest due on prior Payment Dates and not previously paid, and any accrued and unpaid interest on such unpaid interest) in respect of up to six (6) Payment Dates in total and not more than three (3) consecutive Payment Dates, whether on a Payment Date or on any other Business Day, (ii) to redeem, at any time and from time to time, all or a portion of the outstanding principal amount of the Original Notes (or any Refinancing Notes in respect of the Original Notes) in an Optional Redemption in whole on any Business Day or in part on any Payment Date in the manner described in Section 3.8 or (iii) to pay interest on and principal of the Original Notes (or any Refinancing Notes in respect of the Original Notes) in accordance with the Priority of Payments on any Payment Date if the dollar amount of the royalties from sales of the Products that the Counterparty has paid to the Issuer in respect of the immediately preceding quarterly period has not been publicly disclosed on or prior to the date on which the Retained Royalty Payments are required to be withdrawn from the Concentration Account for deposit to the Collection Account, without the payment of principal pursuant to this clause (iii) being treated as an Optional Redemption; provided, that no capital contribution pursuant to this clause (iii) shall exceed 10% of the Retained Royalty Payments received in respect of such Payment Date.

(c) If there are insufficient funds to pay the accrued and unpaid interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) in full on any Payment Date following the Interest Deferral Period (including any accrued and unpaid interest due on prior Payment Dates and not previously paid, and any accrued and unpaid interest on such unpaid interest), the shortfall in interest shall accrue interest to the extent legally enforceable at the Note Interest Rate compounded quarterly. If such unpaid shortfall (and interest thereon) in the case of any Payment Date other than the Final Legal Maturity Date is not

paid in full on or prior to the succeeding Payment Date following the Payment Date on which such interest was first payable, an Event of Default shall occur on such succeeding Payment Date (but not before such date).

Section 3.8 Redemptions.

(a) On any Redemption Date, the Trustee shall distribute the amounts in the Collection Account as provided herein and in the applicable Resolution, including:

(i) to the extent Subordinated Notes or Refinancing Notes were issued for the purpose of funding such Redemption, paying to such Persons as shall be specified by the Issuer such Transaction Expenses as shall be due and payable in connection with the issuance and sale of the applicable Subordinated Notes or Refinancing Notes;

(ii) remitting to the Noteholders of the class of Notes to be redeemed, in accordance with the Resolution authorizing such Redemption (and, if such Redemption Date is a Payment Date, after application of Section 3.6 and Section 3.7), an amount equal to the Redemption Price plus Premium, if any, allocated, in the event of a Redemption of such Notes in part, pro rata in proportion to the Outstanding Principal Balance of such Notes held by such Noteholders; and

(iii) making such other distributions and payments as shall be authorized and directed by the Resolution and indentures supplemental hereto executed in connection with such Redemption.

(b) Subject to the provisions of Section 3.8(c) and Section 3.9, on any Redemption Date (and, if such Redemption Date is a Payment Date, to the extent that any class of Notes shall remain Outstanding after application of Section 3.6 and Section 3.7), the Issuer may optionally redeem such class of Notes, in whole, but not in part, out of the proceeds of any Refinancing Notes, or, in whole or in part, out of amounts available in the Collection Account for such purpose, if any, including the proceeds of any Subordinated Notes, in each case, at the Redemption Price (any such redemption, an "Optional Redemption"). The Issuer shall give written notice of any such Optional Redemption to the Trustee and the Servicer not later than five (5) Business Days prior to the date on which notice is to be given to Noteholders in accordance with Section 3.9(a) (unless the Trustee and any such Servicer agree to waive or limit the requirement for such notice). Such written notice to the Trustee shall include a copy of the Resolution authorizing such Optional Redemption and shall set forth the relevant information regarding such Optional Redemption, including the information to be included in the notice given pursuant to Section 3.9(a).

(c) An indenture supplemental hereto providing for the issuance of any Subordinated Notes or Refinancing Notes may authorize one or more redemptions, in whole or in part, of such Notes, on such terms and subject to such conditions as shall be specified in such indenture supplemental hereto; provided, that, while any Original Notes (or any Refinancing Notes in respect of the Original Notes) are Outstanding, the Issuer may redeem the Subordinated Notes solely with monies that are not Retained Royalty Payments.

(d) The application of Retained Royalty Payments, together with the investment earnings on funds on deposit in the Collection Account and any voluntary capital contributions made by the Equityholder to the Collection Account for the purpose described in clause (iii) of Section 3.7(b) to principal payments on any Original Notes (or any Refinancing Notes in respect of the Original Notes) pursuant to the Priority of Payments shall not be treated as an Optional Redemption under this Indenture. A Mandatory Tax Redemption of the Original Notes will also not be treated as an Optional Redemption under this Indenture.

(e) If the Issuer determines that the Original Notes would otherwise constitute "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Code, at the end of each accrual period ending on or after the fifth anniversary of the issuance of the Original Notes (each, an "AHYDO Redemption Date"), the Issuer shall be required to redeem for cash a portion of each Original Note then Outstanding equal to the "mandatory principal redemption amount" (such redemption, a "Mandatory Tax Redemption"). The redemption price for the portion of each Original Note redeemed pursuant to a Mandatory Tax Redemption shall be 100% of the principal amount of such portion plus any accrued interest thereon to the date of redemption without payment of a prepayment penalty. The "mandatory principal redemption amount" means the portion of an Original Note required to be redeemed to prevent such Original Note from being treated as an "applicable high yield discount obligation" within the meaning of Section 163(i)(1) of the Code. No partial redemption of the Original Notes prior to any AHYDO Redemption Date pursuant to any other provision of this Indenture shall alter the Issuer's obligations to make the Mandatory Tax Redemption with respect to any Original Notes that remain Outstanding on any AHYDO Redemption Date. The Issuer shall deliver written notice in respect of any Mandatory Tax Redemption to each Noteholder at least five (5) Business Days but not more than thirty (30) days before the date scheduled for redemption, which written notice shall be delivered by the Issuer to the Trustee for the Trustee to deliver to the Noteholders at the sole cost and expense of the Issuer through DTC, Euroclear or Clearstream for the Beneficial Holders and by regular mail, postage prepaid for the Noteholders holding Definitive Notes. For the avoidance of doubt, a Mandatory Tax Redemption shall not be subject to the procedures that apply to an Optional Redemption set forth in Section 3.9.

Section 3.9 Procedure for Redemptions.

(a) The Issuer shall deliver written notice in respect of any Redemption of any class of Notes under Section 3.8 to each Noteholder at least five (5) Business Days (in case of an Optional Redemption in whole) or three (3) Business Days (in case of an Optional Redemption in part of the Original Notes (or any Refinancing Notes in respect of the Original Notes)) but not more than 30 days before the date scheduled for such redemption, which written notice shall be delivered by the Issuer to the Trustee for the Trustee to deliver to the Noteholders at the sole cost and expense of the Issuer through

DTC, Euroclear or Clearstream for the Beneficial Holders and by regular mail, postage prepaid for the Noteholders holding Definitive Notes. Each notice in respect of a Redemption given pursuant to this Section 3.9(a) shall state (i) the expected applicable Redemption Date, (ii) the projected Redemption Price of the Notes to be redeemed, (iii) in the case of a Redemption of the Notes in part, the portion of the Outstanding Principal Balance of the Notes that is expected to be redeemed, (iv) that the Notes to be redeemed in a Redemption in whole must be surrendered (which action may be taken by any Noteholder or its authorized agent) to the Trustee to collect the Redemption Price on such Notes,

(v) that, unless the Issuer fails to pay the Redemption Price, interest on the Notes called for Redemption in whole shall cease to accrue on and after the Redemption Date and (vi) if such Redemption is conditional upon the occurrence of any event or condition, including, without limitation, the issuance and sale of Subordinated Notes or Refinancing Notes, such event or condition. If mailed in the manner herein provided, the notice shall be conclusively presumed to have been given whether or not the Noteholder receives such notice.

(b) If, at the time of the delivery of any notice in respect of a Redemption, the Issuer shall not have irrevocably directed the Trustee to apply funds then on deposit with the Trustee or held by the Issuer and available to be used for such Redemption to redeem all of the Notes called for Redemption, such notice, at the election of the Issuer, may state that such Redemption is conditional upon the occurrence of any event, including the receipt of the redemption moneys in an amount sufficient to pay the principal of and Premium, if any, and interest on the Notes being redeemed and related Transaction Expenses by the Trustee on or before the Redemption Date and that such notice shall be of no force and effect, and the Issuer shall not be required to redeem such Notes, unless such event has occurred.

(c) If notice in respect of a Redemption for any Notes shall have been given as provided in Section 3.9(a) and such notice shall not contain the language permitted at the Issuer's option under Section 3.9(b), such Notes shall become due and payable on the Redemption Date at the Corporate Trust Office at the applicable Redemption Price, and, unless there is a default in the payment of the applicable Redemption Price, interest on such Notes shall cease to accrue on and after the Redemption Date. Upon presentation and surrender of such Notes at the Corporate Trust Office, such Notes shall be paid and redeemed at the applicable Redemption Price. On or before any Redemption Date in respect of such a Redemption, the Issuer shall, to the extent an amount equal to the Redemption Price of such Notes (and any Transaction Expenses relating thereto as of the Redemption Date) is not then held by the Issuer or on deposit in the Collection Account, deposit or cause to be deposited into the Collection Account an amount in immediately available funds so that the total amount in the Collection Account shall be sufficient to pay such Redemption Price (and any Transaction Expenses relating thereto as of the Redemption Date).

(d) If notice in respect of a Redemption for any Notes shall have been given as provided in Section 3.9(a) and such notice shall contain the language permitted at the Issuer's option under Section 3.9(b), such Notes shall become due and payable on the Redemption Date at the Corporate Trust Office at the applicable Redemption Price and interest on such Notes shall cease to accrue on and after the Redemption Date; provided, that, in each case, the Issuer shall have deposited in the Collection Account on or prior to 11:00 a.m. (New York City time) on the Redemption Date an amount sufficient to pay the Redemption Price (and any Transaction Expenses relating thereto as of the Redemption Date). Upon the Issuer making such deposit and presentation and surrender of such Notes at the Corporate Trust Office, such Notes shall be paid and redeemed at the applicable Redemption Price. If the Issuer shall not make such deposit on or prior to 11:00 a.m. (New York City time) on the Redemption Date, the notice in respect of Redemption shall be of no force and effect, and the principal on such Notes or specified portions thereof shall continue to bear interest as if such notice in respect of Redemption had not been given.

(e) All Notes that are redeemed shall be surrendered to the Trustee for cancellation and may not be reissued or resold.

ARTICLE IV
DEFAULT AND REMEDIES

Section 4.1 Events of Default. Each of the following events or occurrences shall constitute an "Event of Default" hereunder with respect to any class of Notes (except for clauses (a), (b), (c) and (d) below in which the potential events or occurrences that would constitute an Event of Default are specific to certain classes of Notes, in which case such Event of Default shall be constituted only with respect to such classes of Notes (and not all classes of Notes)), and each such Event of Default shall be deemed to exist and continue so long as, but only so long as, it shall not have been waived or remedied, as applicable:

(a) (i) the failure to pay interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) due on any Payment Date (other than the Final Legal Maturity Date) in full within five Business Days of such Payment Date, but only to the extent of the amount available in the Collection Account as of such Payment Date for interest payments pursuant to the Priority of Payments, (ii) the failure to pay interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) due on any Payment Date (other than the Final Legal Maturity Date) that occurs following the Interest Deferral Period in full on or prior to the succeeding Payment Date, together with any additional accrued and unpaid interest on any interest not paid on the Payment Date on which it was originally due, regardless of whether or not funds are then available therefor in the Collection Account, (iii) to the extent the amount available in the Collection Account as of such Payment Date for interest payments pursuant to the Priority of Payments is insufficient to pay scheduled interest on the Original Notes (or any Refinancing Notes in respect of the Original Notes) in accordance with the Priority of Payments on any Payment Date during the Interest Deferral Period, the failure to add the scheduled but unpaid interest to the principal balance of the Original Notes (or any Refinancing Notes in respect of the Original Notes) on such Payment Date or (iv) in the case of any Subordinated Notes (or any Refinancing Notes in respect of the Subordinated Notes), except as provided in the related Resolutions and set forth in any indenture supplemental to this Indenture providing for the issuance of such Subordinated Notes (or any Refinancing Notes in respect of the Subordinated Notes) pursuant to Section 2.15 or Section 2.16, failure to pay interest on any Subordinated Notes (or any Refinancing Notes in respect of the Subordinated Notes) of such class on the Payment Date that such interest is due, regardless of whether or not funds are then available therefor in the Collection Account;

(b) the failure to pay principal of the Original Notes (or any Refinancing Notes in respect of the Original Notes) due on any Payment Date (other than the Final Legal Maturity Date or any Redemption Date) within five Business Days of such Payment Date, but only to the extent of amounts in the Collection Account as of such Payment Date available for principal payments after giving effect to the amounts that are payable senior to the payment

of principal of the Original Notes (or any Refinancing Notes in respect of the Original Notes) in accordance with the Priority of Payments on such Payment Date;

(c) the failure to pay principal of and Premium, if any, and accrued and unpaid interest on the Original Notes, any Subordinated Notes or any Refinancing Notes on the Final Legal Maturity Date (or other applicable maturity date with respect to any Subordinated Notes or any Refinancing Notes in respect of the Subordinated Notes) or, if all conditions to the Redemption have been satisfied and subject to the provisions described in Section 3.8(d) and Section 3.9(b), failure to pay the Redemption Price when due on any Redemption Date;

(d) the failure to pay any other amount in respect of the Original Notes, any Subordinated Notes or any Refinancing Notes when due and payable under this Indenture and the continuance of such default for a period of 30 or more days after written notice thereof is given to the Issuer by the Trustee;

(e) the failure by the Issuer to comply with the covenants set forth in this Indenture (other than a payment default for which provision is made in clause (a), (b), (c) or (d) above) that would result in a Material Adverse Change (except in respect of a covenant already qualified in respect of Material Adverse Change); provided, that, if the consequences of the failure can be cured, such failure continues for a period of 30 days or more after written notice thereof has been given to the Issuer by the Trustee at the direction of the Controlling Party;

(f) the Issuer becomes subject to a Voluntary Bankruptcy or an Involuntary Bankruptcy;

(g) the rendering of one or more final judgments or orders for the payment of money in excess of $5,000,000 shall be rendered against the Issuer and remain unstayed, undischarged and unsatisfied for thirty (30) days after such judgment(s) becomes nonappealable, unless adequate funds have been reserved or set aside for the payment thereof;

(h) a default resulting in the acceleration of indebtedness for borrowed money of the Issuer other than the Original Notes (or any Refinancing Notes in respect of the Original Notes) of more than $5,000,000;

(i) any representation, warranty or certification made or deemed to be made by or on behalf of the Issuer, the Transferor or the Servicer in any Transaction Document is incorrect when made in any material respect (except to the extent such representation, warranty or certification is qualified by materiality, in which case, in any respect); provided, that, if the consequences of the defect can be cured, such failure continues for a period of 30 days or more after written notice thereof has been given to the Issuer by the Trustee at the direction of the Controlling Party;

(j) the Issuer is classified as a corporation or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes;

(k) the Issuer becomes an investment company required to be registered under the Investment Company Act;

(l) any of the Capital Securities in the Issuer ceases to be owned by the Equityholder or one of the Equityholder's "Affiliates" (as defined for this purpose in the Counterparty Agreement); provided, that it shall not be an Event of Default if any of the Capital

Securities in the Issuer is owned by (i) a Person who acquires all or substantially all of the assets of the Equityholder or (ii) a Person with the prior written consent of the Counterparty; or

(m) the Trustee fails to have a first-priority perfected security interest in the Collateral.

Section 4.2 Acceleration, Rescission and Annulment.

(a) If an Event of Default with respect to the Notes (other than an Acceleration Default) occurs and is continuing, the Controlling Party or the Senior Trustee may, and, upon the Direction of the Controlling Party, shall, give an Acceleration Notice to the Issuer; provided, that such Direction shall be void ab initio unless no Restricted Party owns any interest in the Notes, and the Controlling Party delivers a certification that none of the Noteholders that are seeking acceleration of the Notes and the liquidation of the Collateral is a Restricted Party. Upon delivery of such an Acceleration Notice (and so long as such Acceleration Notice has not been rescinded and annulled pursuant to this Indenture), the Outstanding Principal Balance of the Notes and all accrued and unpaid interest thereon shall be immediately due and payable. At any time after the Senior Trustee or such Noteholders have so declared the Outstanding Principal Balance of the Notes to be immediately due and payable, and prior to the exercise of any other remedies pursuant to this Article IV, the Senior Trustee, upon the Direction of the Controlling Party, shall, subject to Section 4.5(a), by written notice to the Issuer, rescind and annul such declaration and thereby annul its consequences if (i) there has been paid to or deposited with the Trustee an amount sufficient to pay all overdue installments of interest on the Notes, and the principal of, and Premium, if any, on, the Notes that would have become due otherwise than by such declaration of acceleration, (ii) the rescission would not conflict with any judgment or decree and (iii) all other Defaults and Events of Default, other than non-payment of interest and Premium, if any, on and principal of the Notes that have become due solely because of such declaration of acceleration, have been cured or waived. If an Acceleration Default occurs, the Outstanding Principal Balance of the Notes and all accrued and unpaid interest thereon shall automatically become immediately due and payable without any further action by any party.

(b) Notwithstanding this Section 4.2, Section 4.3 and Section 4.12, after the occurrence and during the continuation of an Event of Default, no Noteholders of any class of Notes other than the Senior Class of Notes shall be permitted to give or direct the giving of an Acceleration Notice, or to exercise any remedy in respect of such Event of Default, and no Person other than the Senior Trustee, acting at the Direction of the Controlling Party, may give an Acceleration Notice or exercise any such remedy.

(c) Within thirty (30) days after the occurrence of an Event of Default in respect of any class of Notes, the Trustee shall give to the Noteholders notice of all uncured or unwaived Defaults actually known to a Responsible Officer of the Trustee on such date; provided, that the Trustee may

withhold such notice with respect to a Default (other than a payment default with respect to interest, principal or Premium, if any) if it determines in good faith that withholding such notice is in the interest of the affected Noteholders.

Section 4.3 Other Remedies. Subject to the provisions of this Indenture, if an Event of Default has occurred and is continuing, then the Senior Trustee may, but only at the Direction of

the Controlling Party, pursue any available remedy by proceeding at law or in equity to collect the payment of principal, Premium, if any, or interest due on the Notes or to enforce the performance of any provision of the Notes, this Indenture, the Sale and Contribution Agreement, the Servicing Agreement or the Account Control Agreement (which with respect to the Sale and Contribution Agreement and the Servicing Agreement will be solely to the extent affecting the Retained Royalty Payments), including any of the following, to the fullest extent permitted by Applicable Law, subject to the receipt of such Direction:

(a) The Senior Trustee may obtain the appointment of a Receiver of the Collateral as provided in Section 12.7 and the Issuer consents to and waives any right to notice of any such appointment.

(b) The Senior Trustee may, without notice to the Issuer and at such time as the Senior Trustee in its sole discretion may determine, exercise any or all of the Issuer's rights in, to and under or in any way connected with or related to any or all of the Collateral, including (i) demanding and enforcing payment and performance of, and exercising any or all of the Issuer's rights and remedies with respect to the collection, enforcement or prosecution of, any or all of the Collateral (including the Issuer's rights under the Sale and Contribution Agreement), in each case by legal proceedings or otherwise, (ii) settling, adjusting, compromising, extending, renewing, discharging and releasing any or all of, and any legal proceedings brought to collect or enforce any or all of, the Collateral and otherwise under the Transaction Documents and (iii) preparing, filing and signing the name of the Issuer on (A) any proof of claim or similar document to be filed in any bankruptcy or similar proceeding involving the Collateral and (B) any notice of lien, assignment or satisfaction of lien, or similar document in connection with the Collateral; provided, that under no circumstance, including the occurrence of an Event of Default, shall the Senior Trustee or the Noteholders (i) be a party or third party beneficiary of the Counterparty Agreement or (ii) be able to assert a claim against the Issuer, Theravance, the Counterparty or any other Person under the Counterparty Agreement; provided, further, that the exercise by the Senior Trustee of the remedies set forth in this Section 4.3(b) under the Sale and Contribution Agreement or the Servicing Agreement shall be solely to the extent affecting the Retained Royalty Payments.

(c) Subject to the Account Control Agreement, the Senior Trustee may, without notice except as specified herein, and as required by Applicable Law, in accordance with Applicable Law, sell or cause the sale of all or any part of the Collateral in one or more parcels at public or private sale, at any of the Senior Trustee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Senior Trustee may deem commercially reasonable; provided, that under no circumstance, including the occurrence of an Event of Default, shall the Senior Trustee or the Noteholders (i) be a party or third party beneficiary of the Counterparty Agreement or (ii) be able to assert a claim against the Issuer, Theravance, the Counterparty or any other Person under the Counterparty Agreement; provided, further, that under no circumstance, including the occurrence of a Voluntary Bankruptcy or Involuntary Bankruptcy of the Issuer, shall the Senior Trustee sell or cause the sale of all or any part of the Collateral to a Restricted Party.

(d) The Issuer agrees that, to the extent notice of sale shall be required by Applicable Law, at least ten (10) days' notice to the Issuer of the time and place of any public

sale or the time after which any private sale is to be made shall constitute reasonable notification. The Senior Trustee shall not be obligated to make any sale of all or any part of the Collateral regardless of notice of sale having been given. The Senior Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(e) The Senior Trustee may, instead of exercising the power of sale conferred upon it by Section 4.3(c) and Applicable Law, proceed by a suit or suits at law or in equity to foreclose the Security Interest and sell all or any portion of the Collateral under a judgment or a decree of a court or courts of competent jurisdiction, provided, that, so long as the Counterparty Agreement or the Master Agreement remains in force, the Senior Trustee shall make any such foreclosure sale only to a Person that is a Permitted Holder.

(f) The Senior Trustee may require the Issuer to, and the Issuer hereby agrees that it shall at its expense and upon request of the Senior Trustee, forthwith assemble all or part of the Collateral as directed by the Senior Trustee and make it available to the Senior Trustee at a place to be designated by the Senior Trustee that is reasonably convenient to both parties.

(g) In addition to the rights and remedies provided for in this Indenture, the Senior Trustee may exercise in respect of the Collateral all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected property included in the Collateral) and under all other Applicable Law; provided, that, so long as the Counterparty Agreement or the Master Agreement remains in force, the Senior Trustee shall cause any sale of the Collateral to be made only to a Person that is a Permitted Holder.

(h) The Senior Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

Section 4.4 Limitation on Suits. Without limiting the provisions of Section 4.9 and the final sentence of Section 12.4, no Noteholder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, the Account Control Agreement or the Notes, for the appointment of a Receiver or trustee or for any other remedy hereunder, unless:

(a) such Noteholder is a holder of the Senior Class of Notes and has previously given written notice to the Senior Trustee of a continuing Event of Default;

(b) the Controlling Party makes a written request to the Senior Trustee to pursue a remedy hereunder;

(c) such Noteholder or Noteholders offer to the Senior Trustee an indemnity satisfactory to the Senior Trustee against any costs, expenses and liabilities to be incurred in complying with such request;

(d) the Senior Trustee does not comply with such request within 60 days after receipt of the request and the offer of indemnity;

(e) during such 60-day period, the Controlling Party does not give the Senior Trustee a Direction inconsistent with such request; and

(f) such Noteholder is not a Restricted Party.

No one or more Noteholders may use this Indenture to affect, disturb or prejudice the rights of another Noteholder or to obtain or seek to obtain any preference or priority not otherwise created by this Indenture and the terms of the Notes over any other Noteholder or to enforce any right under this Indenture, except in the manner herein provided.

Section 4.5 Waiver of Existing Defaults.

(a) The Senior Trustee, upon the Direction of the Controlling Party, by written notice to the Issuer may waive any existing Default (or Event of Default) hereunder and its consequences, except a Default (or Event of Default) (i) in the payment of the interest on, principal of and Premium, if any, on any Note or (ii) in respect of a covenant or provision hereof that under Article IX cannot be modified or amended without the consent of the Noteholder of each Note affected thereby. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other Default (or Event of Default) or impair any right consequent thereon.

(b) Any written waiver of a Default or an Event of Default given by the Senior Trustee to the Issuer in accordance with the terms of this Indenture shall be binding upon the Senior Trustee and the other parties hereto. Unless such writing expressly provides to the contrary, any waiver so granted shall extend only to the specific event or occurrence that gave rise to the Default or Event of Default so waived and not to any other similar event or occurrence that occurs subsequent to the date of such waiver.

Section 4.6 Restoration of Rights and Remedies. If the Senior Trustee or any Noteholder of the Senior Class of Notes (excluding any Noteholder that is a Restricted Party) has instituted any proceeding to enforce any right or remedy under this Indenture, and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Senior Trustee or such Noteholder, then in every such case the Issuer, the Senior Trustee and the Noteholders shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Senior Trustee and the Noteholders shall continue as though no such proceeding has been instituted.

Section 4.7 Remedies Cumulative. Each and every right, power and remedy herein given to the Trustee specifically or otherwise in this Indenture shall be cumulative and shall, to the extent permitted by Applicable Law, be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any Default on the part of the Issuer or to be an acquiescence.

Section 4.8 Authority of Courts Not Required. The parties hereto agree that, to the greatest extent permitted by Applicable Law, the Trustee shall not be obliged or required to seek or obtain the authority of, or any judgment or order of, the courts of any jurisdiction in order to exercise any of its rights, powers and remedies under this Indenture, and the parties hereby waive any such requirement to the greatest extent permitted by Applicable Law.

Section 4.9 Rights of Noteholders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Noteholder to receive payment of interest on, principal of, or Premium, if any, on any Note on or after the respective due dates therefor expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Noteholder unless such Noteholder is a Restricted Party.

Section 4.10 Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of any Noteholder allowed in any judicial proceedings relating to any obligor on the Notes, its creditors or its property.

Section 4.11 Undertaking for Costs. All parties to this Indenture agree, and each Noteholder by its acceptance hereof shall be deemed to have agreed, that, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defense made by the party litigant. This Section 4.11 does not apply to a suit instituted by the Trustee, a suit instituted by any Noteholder for the enforcement of the payment of interest, principal, or Premium, if any, on any Note on or after the respective due dates expressed in such Note or a suit by any Noteholder or Noteholders holding at least 10% of the Outstanding Principal Balance of the Notes.

Section 4.12 Control by Noteholders. Subject to this Article IV and to the rights of the Trustee hereunder, the Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust, right or power conferred on the Trustee under any Transaction Document; provided, that:

(a) such Direction shall not be in conflict with any Applicable Law or with this Indenture and would not involve the Trustee in personal liability or unindemnified expense;

(b) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Noteholders of such class not taking part in such Direction;

(c) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such Direction;

(d) the Noteholders shall have given the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense which may be incurred by such Direction; and

(e) each of the Noteholders seeking to exercise the provisions set forth in this Section 4.12 shall have delivered a certification that none of such Noteholders is a Restricted Party.

Section 4.13 Senior Trustee. The Trustee irrevocably agrees (and the Noteholders (other than the Noteholders represented by the Senior Trustee) shall be deemed to agree by virtue of their purchase of the Notes) that the Senior Trustee shall have all of the rights granted to it under this Indenture, including the right to direct the Trustee to take certain action as provided for in this Indenture, and the Trustee hereby agrees to act in accordance with each such authorized direction of the Senior Trustee.

Section 4.14 Application of Proceeds. All cash proceeds received by the Senior Trustee in respect of any sale of, collection from or other realization upon all or any part of the Collateral shall be deposited in the Collection Account and distributed as provided in Section 3.6(a). Any surplus of such cash proceeds held and remaining after payment in full of all Secured Obligations shall be paid over to the Issuer or whomsoever may be lawfully entitled to receive such surplus as provided in Section 3.6. Any amount received for any sale or sales conducted in accordance with the terms of Section 4.3 shall to the extent permitted by Applicable Law be deemed conclusive and binding on the Issuer and the Noteholders.

Section 4.15 Waivers of Rights Inhibiting Enforcement. The Issuer waives (a) any claim that, as to any part of the Collateral (which with respect to the right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement and the representations, warranties and covenants made by the Servicer under the Servicing Agreement shall be solely to the extent affecting the Retained Royalty Payments), a private or public sale, should the Senior Trustee elect so to proceed, is, in and of itself, not a commercially reasonable method of sale for such part of the Collateral, (b) except as otherwise provided in any of the Transaction Documents, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE TRUSTEE'S TAKING POSSESSION OR DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT THE ISSUER WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE U.S. OR OF ANY STATE, AND ALL OTHER REQUIREMENTS AS TO THE TIME, PLACE AND TERMS OF SALE OR OTHER REQUIREMENTS WITH RESPECT TO THE ENFORCEMENT OF THE TRUSTEE'S RIGHTS HEREUNDER, (c) all rights of redemption, appraisement, valuation, stay and extension or moratorium and (d) except as otherwise provided in any of the Transaction Documents, all other rights the exercise of which would, directly or indirectly, prevent, delay or inhibit the enforcement of any of the rights or remedies under this Indenture or the absolute sale of the Collateral, now or hereafter in force under any Applicable Law, and the Issuer, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such Applicable Laws and rights; provided, that any waivers by the Issuer set forth in this Section 4.15 shall not apply to claims or rights asserted by or on behalf of Noteholders that are Restricted Parties.

Section 4.16 Security Interest Absolute. Unless asserted by or on behalf of Noteholders that are Restricted Parties, all rights of the Trustee and security interests hereunder, and all

obligations of the Issuer hereunder, shall be absolute and unconditional irrespective of, and the Issuer hereby irrevocably waives, any defenses it may now have or may hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any of the Transaction Documents or any other agreement or instrument relating thereto (other than against the Trustee);

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Transaction Documents or any other agreement or instrument relating thereto;

(c) any taking, exchange, surrender, release or non-perfection of any Collateral or any other collateral, or any release or amendment or waiver of or consent to any departure from any guaranty, for all or any of the Secured Obligations;

(d) any manner of application of any Collateral or any other collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Secured Obligations or any other obligations of the Issuer under or in respect of the Transaction Documents or any other assets of the Issuer;

(e) any change, restructuring or termination of the limited liability company structure or existence of the Issuer;

(f) the failure of any other Person to execute this Indenture or any other agreement or the release or reduction of liability of the Issuer or other grantor or surety with respect to the Secured Obligations; or

(g) any other circumstance (including any statute of limitations) or any existence of or reliance on any representation by the Trustee that might otherwise constitute a defense available to, or a discharge of, the Issuer.

Section 4.17 Observer.

(a) If an Event of Default with respect to the Notes has occurred and is continuing and the Trustee has received written notice of (or a Responsible Officer of the Trustee otherwise has actual knowledge of) such Event of Default, the Trustee shall, subject to the proviso in Section 4.2(c), within thirty (30) days following receipt of such notice, give to the Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement written notice (the "Initial Notice") of such Event of Default advising that each Noteholder and Beneficial Holder that is not also a Restricted Party has the right to nominate a Person (the "Nominee") to be appointed as an observer of all meetings of the governing body (and committees thereof) of the Issuer (the "Observer"). Each Noteholder and Beneficial Holder that is not also a Restricted Party may, but is not required to, nominate one Nominee by written notice received by the Trustee within ten Business Days of the date of the Initial Notice (the "Nomination Period"). Each such notice shall contain at least the following information: (i) the identity of such Nominee and reasonable detail about the Person nominated;

(ii) the identity of the nominating Noteholder or Beneficial Holder with respect to such Nominee, together with the Outstanding Principal Balance of Notes held by such Noteholder or the amount of Beneficial Interests held by such Beneficial Holder; (iii) a statement confirming that such Nominee is willing to serve as Observer if appointed; and (iv) a certificate confirming that that the nominating Noteholder or Beneficial Holder is a not a Restricted Party.

(b) If no Nominee is nominated within the Nomination Period, the Trustee shall promptly notify the Issuer, with a copy to the Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement, that no Nominee has been nominated.

(c) If any Nominee is nominated within the Nomination Period, the Trustee shall, within three Business Days following the end of the Nomination Period, give to the Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement written notice (the "Solicitation Notice") setting forth (i) the identity of each Nominee and the details relating to each such Nominee provided to the Trustee, (ii) the identity of the nominating Noteholder or Beneficial Holder with respect to each Nominee, together with the Outstanding Principal Balance of Notes held by such Noteholder or the amount of Beneficial Interests held by such Beneficial Holder, (iii) a statement confirming that each Nominee is willing to serve as Observer if appointed and (iv) that each Noteholder shall have ten Business Days after the date of the Solicitation Notice (the "Solicitation Period") to indicate by written notice to the Trustee the Nominee (and no more than one Nominee) from the list of Nominees specified in the Solicitation Notice that it wishes to have appointed as Observer. Immediately following the end of the Solicitation Period, the Trustee shall calculate, based upon the written notices it received during the Solicitation Period, for each Nominee, the Outstanding Principal Balance of the Notes selecting such Nominee. The Nominee that is selected by the largest Outstanding Principal Balance of the Notes shall be designated as Observer (and, in the event that two or more Nominees are selected by the largest Outstanding Principal Balance of the Notes, then the Trustee shall furnish a new Solicitation Notice within three Business Days thereof setting forth only such Nominees selected by such largest Outstanding Principal Balance of the Notes, and the process set forth above shall be repeated therefrom to select an Observer). The Trustee shall give written notice to the Issuer, the Servicer and the Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement of the results of the solicitation, and the Issuer shall (A) provide the Observer with notice of any meeting of the governing body (or any committee thereof) of the Issuer in accordance with the Issuer Organizational Documents (as if the Observer were a member of the governing body or committee thereof, as the case may be), (B) furnish to the Observer any materials distributed to any other participant in any such meeting at the same time as such materials are distributed to such other participant(s), (C) permit the Observer to attend and observe any such meeting and (D) cause the Issuer's officers or other representatives to promptly, accurately and in good faith respond to any inquiries of the Observer.

(d) At any time, the Controlling Party may remove the Observer by written notice to the Trustee, the Issuer and the Noteholders. Upon removal of the Observer, the Trustee shall request the nomination and selection of a replacement Observer using the procedures described in this Section 4.17.

(e) The Observer (i) must, prior to exercising any right or discharging any duty under this Section 4.17, execute and deliver to the Registrar a Confidentiality Agreement and (ii) shall provide to the Trustee, for inclusion with the next Distribution Reports, a report summarizing its observations from each meeting of the governing body (or any committee thereof) of the Issuer that it shall have attended.

ARTICLE V
REPRESENTATIONS AND WARRANTIES AND COVENANTS

Section 5.1 Representations and Warranties. The Issuer represents and warrants to the Trustee, as of the date of this Indenture, as follows:

(a) The Issuer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all limited liability company powers and authority to execute and deliver, and perform its obligations under, this Indenture.

(b) Each Transaction Document to which the Issuer is a party has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(c) The Issuer has good and marketable title to the assets and property constituting the Collateral, free and clear of any Liens other than Permitted Liens.

(d) The execution and delivery of any Transaction Document to which the Issuer is a party, and the performance of obligations under any Transaction Document to which the Issuer is a party, by the Issuer do not require any consent or approval of, registration or filing with or any other action by any Governmental Authority, except for the filing of UCC financing statements, those previously obtained and those the failure of which to be obtained or made would not be a Material Adverse Change.

(e) This Indenture creates in favor of the Trustee, for the benefit of the Noteholders, a valid and enforceable security interest in the Collateral, and, when financing statements in appropriate form are filed in the applicable filing offices, the security interest created under this Indenture shall constitute a fully perfected security interest in all right, title and interest of the Issuer in the Collateral to the extent perfection can be obtained by filing UCC financing statements.

Section 5.2 Covenants. The Issuer covenants with the Trustee that, so long as any Notes are Outstanding, it shall perform and comply with each of the following covenants and not engage in any activity prohibited by this Indenture without the prior written consent of the Trustee pursuant to Section 9.1 or Section 9.2, as applicable, authorizing the Issuer not to perform any such covenants or to engage in any such activity prohibited by this Indenture, in each case on such terms and conditions, if any, as shall be specified in such prior written consent:

(a) The Issuer shall maintain this Indenture in conformity with the other Transaction Documents. Except as described under Article IX or Article XI, the Issuer shall not (i) take any action, whether orally or in writing, that would amend, waive, modify, supplement, restate, cancel or terminate, or discharge or prejudice the validity or effectiveness of, the Issuer Organizational Documents, this Indenture, the Notes, the Servicing Agreement or the Account Control Agreement in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, or (ii) permit any party to any such document to be released from its obligations thereunder (unless, in each case, expressly permitted thereunder).

(b) The Issuer shall not incur or suffer to exist any Lien over or with respect to the Collateral, other than any Permitted Lien.

(c) The Issuer shall not incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment or performance of, contingently or otherwise, whether present or future, indebtedness for borrowed money or similar monetary obligations; provided, however, that the Issuer may (i) incur indebtedness in respect of the Original Notes, any Subordinated Notes (or any Refinancing Notes in respect of the Original Notes or the Subordinated Notes) and (ii) incur indebtedness in respect of one or more additional series of notes or other evidence of indebtedness pursuant to one or more indentures, loan agreements, loan and security agreements, credit agreements or other agreements that are in addition to this Indenture; provided, further, however, that such additional series of notes or other evidence of indebtedness shall not be cross-collateralized with the Original Notes (or any Refinancing Notes in respect of the Original Notes) (and instead shall be secured by assets and property of the Issuer other than the Collateral); provided, further, however, that, notwithstanding the limitation in the preceding proviso, such additional series of notes or other evidence of indebtedness may have a Lien on the right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement or the Servicing Agreement and all proceeds and products thereof (so long as the ability to enforce such right (i) does not adversely affect the Retained Royalty Payments or the Notes for which purpose if such Lien (and the related remedies for enforcement thereof) is on substantially similar terms as the Lien hereunder but with respect to the property encumbered by such Lien, it shall be deemed not to adversely affect the Retained Royalty Payment or the Notes) and (ii) is no greater than the ability to enforce such rights under this Indenture.

(d) The Issuer shall not commingle its assets with assets of any other Person.

(e) Except as expressly permitted by the Transaction Documents, the Issuer shall not liquidate or dissolve and shall not consolidate with, merge with or into, sell, transfer, convey, lease or otherwise dispose of any or all of the Collateral, the Retained Royalty Payments or the right to receive the Retained Royalty Payments, or all or substantially all of its assets to, any other Person, or permit any other Person to merge with or into, or consolidate or otherwise combine with, the Issuer.

(f) The Issuer may maintain a sufficient number of employees in light of its contemplated business operations.

(g) The Issuer shall not, without the written consent of the Independent Managers, take any action that would constitute a Voluntary Bankruptcy. The Issuer shall promptly provide the Trustee with written notice of the institution of any proceeding by or against the Issuer seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any Applicable Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property.

(h) The Issuer shall comply with the Issuer Organizational Documents. The Issuer shall not take any action to waive, repeal, amend, vary, supplement or otherwise modify Section 10(j) of the limited liability company agreement of the Issuer or any other provision of the Issuer Organizational Documents in a manner that would adversely affect (x) the rights, remedies, privileges or preferences of the Noteholders or (y) the validity, perfection or priority of the Lien on any Collateral, except to the extent expressly permitted by the Issuer Organizational Documents.

(i) The Issuer shall duly and punctually pay principal with respect to the Outstanding Principal Balance, Premium, if any, and Interest Amount on the Notes in Dollars in accordance with the terms of this Indenture and such Notes; provided, that the Issuer shall be in compliance with this covenant with respect to any Payment Date (other than the Final Legal Maturity Date or any Redemption Date) if any such interest in excess of the portion of the Available Collections Amount available to pay such interest on the relevant Payment Date and funds in the Collection Account (subject to Section 3.7) are paid in full not later than the succeeding Payment Date (together with Additional Interest thereon).

(j) The Issuer (i) shall perform and comply in all material respects with its duties and obligations (if any) under the Sale and Contribution Agreement and the Counterparty Agreement, (ii) shall not assign, amend, modify, cancel or terminate (or consent to any cancellation or termination of), in whole or in part, any rights constituting or involving the right to receive the Retained Royalty Payments or the Sale and Contribution Agreement, (iii) shall not breach any of the provisions of the Sale and Contribution Agreement or the Counterparty Agreement, (iv) shall not enter into any new agreement in respect of the Retained Royalty Payments or the Collateral (other than agreements in respect of the Sale and Contribution Agreement and the Servicing Agreement relating to any additional undivided percentage interest in the royalty payments or other amounts payable to the Transferor or the Transferee pursuant to the Counterparty Agreement or other property of the Transferor or the Transferee other than the Retained Royalty Payments), (v) shall not consent to an assignment of the Sale and Contribution Agreement by the Transferor or the Collaboration Agreement (insofar as relating to the Retained Royalty Payments) (unless the assignee thereof has acquired all or substantially all of the assets of the Transferor, including all of the shares of the Issuer and all of the Issuer's rights and obligations under the Transaction Documents and under the Counterparty Agreement) and (vi) shall not agree to do any of the foregoing.

(k) The Issuer shall at all times use its commercially reasonable efforts to exercise and enforce its rights and remedies under the Sale and Contribution Agreement, the Account Control Agreement, the Servicing Agreement, the Collateral and the Counterparty

Agreement, in each case, in a timely and commercially reasonable manner; provided, that, following the occurrence and continuation of an Event of Default and subject to the confidentiality obligations under the Counterparty Agreement, the Issuer will give notice to the Trustee on behalf of the Noteholders of any contemplated enforcement of such rights and remedies and will follow any Direction regarding enforcement of such rights and remedies provided by the Controlling Party (or the Senior Trustee on its behalf) that it has received to the extent not inconsistent with this Indenture.

(l) The Issuer shall maintain its existence separate and distinct from its member and any other Person in all material respects, including using its commercially reasonable efforts to comply with the separateness covenants set forth in the Issuer Organizational Documents.

(m) The Issuer shall not enter into any agreement prohibiting the right of the Trustee or any Noteholder to amend or otherwise modify any Transaction Document; provided, that the foregoing prohibition shall not apply to: (i) restrictions contained in any Transaction Document or (ii) restrictions contained in any other sale, transfer, assignment, participation, pledge, collateralization, securitization and other monetization of royalty interests and other payments derived directly or indirectly from the exploitation of intellectual property related to pharmaceutical products, including the remaining undivided percentage interest in the Royalty Payments and other amounts payable to Theravance or the Issuer pursuant to the Counterparty Agreement that do not constitute the Retained Royalty Payments .

(n) The Issuer shall not change, amend or alter its exact legal name at any time except following thirty (30) days' notice given by the Issuer to the Trustee. The Issuer shall not change its accounting policies or reporting practices except as permitted by the Issuer Organizational Documents.

(o) The Issuer shall not assign or pledge, so long as the assignment hereunder shall remain in effect and has not been terminated pursuant to Section 11.1, any of its right, title or interest in the Collateral hereby assigned to anyone other than the Trustee.

(p) The Issuer agrees that, at any time and from time to time, at the Issuer's expense, the Issuer shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents, and take all further action, that may be necessary and within the control of the Issuer, in order to perfect the security interest in the Collateral, or as may be reasonably requested by the Trustee (acting at the Direction of the Controlling Party), and to carry out the provisions of this Indenture and the Account Control Agreement or to enable the Trustee to exercise and enforce its rights and remedies under this Indenture and the Account Control Agreement with respect to any Collateral. The Issuer also agrees that, at any time and from time to time, at the Issuer's expense, the Issuer shall file (or cause to be filed) such UCC continuation statements and such other instruments or notices as may be necessary, or that the Trustee may reasonably request, including UCC financing statements or amendments thereto, in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Trustee by this Indenture. With respect to the foregoing and the grant of the security interest under this Indenture, the Issuer hereby

authorizes the Trustee to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral.

(q) The Issuer shall maintain in the Borough of Manhattan, The City of New York, an office or agency of the Trustee, Registrar, Transfer Agent, and Paying Agent where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer, exchange or purchase and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. Each of the Corporate Trust Office and each office or agency of the Trustee in the Borough of Manhattan, The City of New York shall initially be one such office or agency for all of the aforesaid purposes. The Issuer shall give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency (other than a change in the location of the office of the Trustee). If at any time the Issuer shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 12.5. The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Issuer of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes.

(r) The Issuer shall use commercially reasonable efforts to file any form (or comply with any other administrative formalities) required for an exemption from or a reduction of any withholding tax for which it is eligible. The Issuer shall maintain its status as an entity that is not classified as a corporation or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. The Issuer shall maintain its status as either (i) an entity that is disregarded as separate from the Equityholder if there is one Equityholder for U.S. federal income tax purposes or (ii) a partnership if there is more than one Equityholder for U.S. federal income tax purposes, in each case for U.S. federal income tax purposes and, to the extent permitted by Applicable Law, state and local tax purposes. The Issuer shall not file any tax return or report under any name other than its exact legal name. The Issuer shall treat the Notes as debt for U.S. federal income tax purposes. Neither the Issuer nor the Trustee shall treat any Noteholder or Beneficial Holder as a "partner" of the Issuer for U.S. federal income tax purposes with respect to the ownership of the Notes. The Issuer and the Trustee shall treat all interest paid or otherwise accruing on the Notes as interest for U.S. federal income tax purposes. The Issuer shall prepare and file all tax returns of the Issuer consistent with the covenants set forth in this Section 5.2(r) and shall not take any inconsistent position in any communication or agreement with any taxing authority unless required by a final "determination" of a court of law within the meaning of Section 1313(a)(1) of the Code. The Issuer shall not enter into or incur any express or implied obligation to indemnify any other Person with respect to Taxes. The Issuer shall file (or cause to be filed) all tax returns and reports required by Applicable Law to be filed by it and pay all Taxes required to be paid by it. In the event the listing of the Original Notes on the Cayman Islands Stock Exchange is not approved or maintained or the Cayman Islands Stock Exchange is no longer treated as a "recognized stock exchange" by the HMRC within the meaning of section 1005 of the U.K. Income Tax Act 2007, the Issuer shall use commercially reasonable efforts to list the Original Notes on a "recognized stock exchange" for such purposes.

(s) The Issuer shall comply with all Applicable Laws with respect to the Transaction Documents, the Counterparty Agreement, the Collateral and all ancillary agreements related thereto, the violation of which would be a Material Adverse Change.

(t) The Issuer shall (i) preserve and maintain its existence, (ii) preserve and maintain its rights (charter or statutory), franchises, permits, licenses, approvals and privileges and (iii) qualify and remain qualified in good standing in each jurisdiction, in each case where the failure to preserve and maintain such existence, rights, franchises, permits, licenses, approvals, privileges and qualifications would be a Material Adverse Change. The Issuer shall appoint and employ such agents or attorneys in each jurisdiction where it shall be necessary to take any action under this Indenture or the Account Control Agreement.

(u) If the Counterparty makes any payment to the Issuer pursuant to the Counterparty Agreement to an account of the Issuer other than the Concentration Account, then the Issuer promptly, and in any event no later than two (2) Business Days following the receipt by the Issuer of such portion of such payment, shall remit such portion of such payment to the Concentration Account in the exact form received with all necessary endorsements.

(v) During any period in which Theravance or the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, the Issuer shall make available to any Noteholder or Beneficial Holder in connection with any sale of any or all of its Notes and any prospective purchaser of such Notes from such Noteholder or Beneficial Holder the information required by Rule 144A (d)(4) under the Securities Act.

(w) The Issuer shall not, and shall not permit any of its Affiliates to, directly or indirectly, pay or cause to be paid any consideration of any type or form (whether in cash, property, by way of interest or fee or otherwise) to or for the benefit of any Noteholder or Beneficial Holder for or as an inducement to any forbearance, consent, waiver or amendment of any of the terms or provisions hereof or of the Notes, or any agreement in respect thereof, unless such consideration is, on the same terms and conditions, offered to all Noteholders and Beneficial Holders and paid to all Noteholders and Beneficial Holders that agree to such forbearance, consent, waiver or amendment, or agreement in respect thereof.

(x) The Issuer shall not grant a security interest in the Counterparty Agreement, the Concentration Account or the Milestone Payment Reserve Account to any Person.

Section 5.3 Reports and Other Deliverables by the Issuer.

(a) The Issuer shall furnish to the Trustee, within one-hundred twenty (120) days after the end of each fiscal year commencing with the fiscal year ending December 31, 2014, a certificate from a Responsible Officer of the Issuer as to his or her knowledge of the Issuer's compliance with all of its obligations under this Indenture (it being understood that, for purposes of this Section 5.3, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture but shall reflect any Interest Amount paid on the Original Notes (and any Refinancing Notes in respect of the Original Notes) (other than on the Final Legal Maturity Date) by the Payment Date immediately following the

Payment Date on which such Interest Amount was first payable as contemplated by the proviso to Section 5.2(i) as have been timely paid).

(b) Subject to the confidentiality obligations under the Counterparty Agreement, the Issuer shall deliver written notice to the Trustee of the occurrence of any Default or Event of Default under this Indenture promptly and in any event within five Business Days of a Responsible Officer of the Issuer (including any Manager) becoming aware of such Default or Event of Default, which shall be labeled "Notice of Default" or "Notice of Event of Default".

(c) The Issuer shall promptly (and in any event within five (5) Business Days of receipt thereof) provide to the Trustee and the Servicer copies of written materials that the Issuer receives from the Transferor pursuant to the Sale and Contribution Agreement or otherwise in respect of the Counterparty Agreement (except to the extent the Issuer is restricted from disclosing such information pursuant to the confidentiality provisions of the Counterparty Agreement).

(d) Within 120 days after the beginning of each fiscal year commencing with the fiscal year beginning January 1, 2015, the Issuer shall furnish to the Trustee an opinion of its legal counsel, which opinion shall state either that (i) in the opinion of such counsel, all action has been taken with respect to any filing, re-filing, recording or re-recording with respect to the Collateral as is necessary to maintain the security interest in the Collateral in favor of the Trustee for the benefit of the Noteholders, or (ii) in the opinion of such counsel, no such action is necessary to maintain such security interest.

Section 5.4 Additional Monetizations. Notwithstanding anything to the contrary contained herein, the parties hereto hereby acknowledge and agree, and each Noteholder and Beneficial Holder by its acceptance of its interest in the Notes is hereby deemed to acknowledge and agree, that (i) the Issuer shall be entitled to acquire, hold, service, sell, transfer, assign, participate, pledge, collateralize, securitize and otherwise monetize, in whole or in part, royalty interests and other payments (that are not Retained Royalty Payments) derived directly or indirectly from the exploitation of intellectual property related to pharmaceutical products, including the remaining undivided percentage interest in the Royalty Payments and other amounts payable to Theravance or the Issuer pursuant to the Counterparty Agreement that do not constitute the Retained Royalty Payments, (ii) the Issuer shall be entitled to issue additional series of notes or other evidence of indebtedness in connection therewith and enter into additional indentures, loan and security agreements, loan agreements, credit agreements, purchase and sale agreements, warehouse agreements or other agreements in connection therewith, (iii) the Issuer shall be entitled to pledge its right to enforce the representations, warranties and covenants made by the Transferor under the Sale and Contribution Agreement and the representations, warranties and covenants made by the Servicer under the Servicing Agreement as collateral in connection with any sale, participation, transfer, assignment, collateralization, securitization or monetization, in whole or in part, of the remaining undivided percentage interest in the Royalty Payments that do not constitute the Retained Royalty Payments and the other amounts payable to Theravance or the Issuer pursuant to the Counterparty Agreement that do not constitute the Retained Royalty Payments and all proceeds and products thereof (so long as the ability to enforce such rights (A) does not adversely affect the Retained Royalty Payments or the Notes (for which purpose if such pledge (and the related

remedies for enforcement thereof) is on substantially similar terms as the pledge under this Indenture but with respect to the property encumbered by such pledge, it shall be deemed not to adversely affect the Retained Royalty Payments or the Notes) and (B) is no greater than the ability to enforce such rights

under this Indenture) and (iv) the representations, warranties, covenants and agreements made by the Issuer hereunder and under the other Transaction Documents to which it is a party, including the covenants made by the Issuer under Sections 5.2(h), 5.2(j)(iv) and (v), 5.2(m) and 5.2(o) of this Indenture, shall not limit the right of the Issuer to issue such additional series of notes or other evidence of indebtedness or enter into such other indentures, loan and security agreements, loan agreements, credit agreements, purchase and sale agreements, warehouse agreements or other agreements in connection therewith or to exercise its rights and perform its duties and obligations thereunder (provided that any such actions will not adversely affect the Retained Royalty Payments or the Notes).

Section 5.5 Development and Commercialization of Products. Notwithstanding anything to the contrary contained herein, the parties hereto hereby acknowledge and agree, and each Noteholder and Beneficial Holder by its acceptance of its interest in the Notes is hereby deemed to acknowledge and agree, that neither the Transferor nor the Issuer shall have any obligation or liability with respect to the allocations of resources, scope, intensity and duration of efforts or decisions and judgments made in connection with development and commercialization (including acts or omissions that result in or increase the likelihood of, greater or lesser commercial success): (i) with respect to, or as among, any Products or (ii) as among any one or more Products, on the one hand, and any Excluded Products, other products or therapeutically active components, on the other hand.

ARTICLE VI
THE TRUSTEE

Section 6.1 Acceptance of Trusts and Duties. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; provided, that, to the extent those duties are qualified, limited or otherwise affected by the provisions of any other Transaction Document, the Trustee shall be required to perform those duties only as so qualified, limited or otherwise affected. The duties and responsibilities of the Trustee shall be as provided by the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture) and as set forth herein, except with respect to the obligation to exercise rights and remedies following an Event of Default, which right and remedies shall be performed by the Trustee acting solely upon the Direction of the Controlling Party in accordance with Article IV. The Trustee accepts the trusts hereby created and applicable to it and agrees to perform the same but only upon the terms of this Indenture and the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture) and agrees to receive and disburse all moneys received by it in accordance with the terms hereof. The Trustee in its individual capacity shall not be answerable or accountable under any circumstances except for its own willful misconduct or negligence or breach of any of its representations or warranties set forth in this Indenture and made expressly in its individual capacity, and the Trustee shall not be liable for any action or inaction of the Issuer or any other parties to any of the Transaction Documents. Any amounts received by or due to the Trustee under this Indenture, including the fees, out-of-pocket expenses and indemnities of the Trustee, shall be Administrative Expenses of

the Issuer paid in accordance with the Priority of Payments. The Trustee shall not be liable to any Person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including lost profits), even if the Trustee has been advised of the likelihood of such loss or damage.

The Issuer does hereby constitute and appoint the Trustee the true and lawful attorney of the Issuer, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Issuer or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all monies and claims for monies (in each case including insurance and requisition proceeds) due and to become due under or arising out of any Transaction Document and all other property that now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings that the Trustee may deem to be necessary or advisable in the premises; provided, that the Trustee shall not exercise any such rights except upon the occurrence and during the continuance of an Event of Default hereunder in accordance with Section 4.3.

Section 6.2 Copies of Documents and Other Notices.

(a) The Trustee, upon written request, shall furnish to each requesting Noteholder or Beneficial Holder that has executed and delivered to the Registrar a Confidentiality Agreement and the Servicer, promptly upon receipt thereof, duplicates or copies of all reports, Notices, requests, demands, certificates, financial statements and other instruments furnished to the Trustee under or in connection with this Indenture.

(b) The Trustee shall furnish to the Servicer and Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement any reports or notices received from any of the Issuer, the Equityholder or the Counterparty promptly after receipt thereof from the Issuer. The Trustee may rely conclusively on the validity of any Confidentiality Agreement delivered to it, and may assume that each Beneficial Holder that has delivered a Confidentiality Agreement continues to beneficially own the Notes and is entitled to receive the information requested in accordance with this Section 6.2 absent receipt by the Trustee of written notice to the contrary.

Section 6.3 Representations and Warranties. The Trustee does not make and shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Indenture, the Notes or any other document or instrument or as to the correctness of any statement contained in any thereof, except that the Trustee in its individual capacity hereby represents and warrants as follows:

(a) The Trustee is a duly authorized national banking association and is validly existing and in good standing under the laws of the United States of America.

(b) The Trustee has all requisite right, power and authority to execute and deliver this Indenture and its related documents and to perform all of its duties as Trustee hereunder and thereunder.

(c) The execution and delivery by the Trustee of this Indenture and the other Transaction Documents to which it is a party, and the performance by the Trustee of its duties hereunder and thereunder, have been duly authorized by all necessary corporate proceedings, and no further approvals or filings, including any governmental approvals, with respect to its banking and trust powers, are required for the valid execution and delivery by the Trustee, or the performance by the Trustee, of this Indenture and such other Transaction Documents to which it is a party.

(d) The execution, delivery and performance by the Trustee of this Indenture and the other Transaction Documents to which it is a party (i) to the best of the Trustee's knowledge and without independent inquiry or investigation into the facts thereto, do not violate any provision of any Applicable Law governing its banking or trust powers and (ii) do not violate any provision of its articles of association or by-laws.

(e) The execution, delivery and performance by the Trustee of this Indenture and the other Transaction Documents to which it is a party, to the best of the Trustee's knowledge and without independent inquiry or investigation into the facts thereto, do not require the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any action in respect of, any Governmental Authority governing its banking or trust powers.

(f) The Trustee has duly executed and delivered this Indenture and each other Transaction Document to which it is a party, and each of this Indenture and each such other Transaction Document constitutes the legal, valid and binding obligation of the Trustee in accordance with its terms, except as (i) such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar Applicable Laws relating to or affecting the enforcement of creditors' rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

(g) The Trustee meets the requirements of Section 6.9 and is an Eligible Institution.

(h) The Trustee is not a Restricted Party.

Section 6.4 Reliance; Agents; Advice of Counsel. The Trustee shall incur no liability to anyone acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Trustee may accept a copy of a resolution of the governing body of any party to any Transaction Document (including the Issuer), certified in an accompanying Officer's Certificate as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Trustee shall be entitled to receive and may for all purposes hereof conclusively rely on a certificate, signed by an officer of any duly authorized Person, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. To the extent not otherwise specifically provided herein, the Trustee shall assume, and shall be fully protected in

assuming, that the Issuer is authorized by the Issuer Organizational Documents to enter into this Indenture and to take all action permitted to be taken by it pursuant to the provisions hereof and shall not be required to inquire into the authorization of the Issuer with respect thereto. To the extent not otherwise specifically provided herein, the Trustee shall furnish to the Issuer or the Servicer upon written request such information and copies of such documents as the Trustee may have and as are necessary for the Issuer or any such Servicer to perform its duties under Section 3.1 of the Servicing Agreement and Section 2.13 and Article III hereof or otherwise.

The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the Direction of the Noteholders in accordance with Section 4.12 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust, right or power conferred upon the Trustee, under any Transaction Document.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder or under any other Transaction Document either directly or by or through agents or attorneys or a custodian or nominee, and the Trustee shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any such agent, attorney, custodian or nominee appointed with due care by it hereunder.

The Trustee may consult with counsel as to any matter relating to this Indenture or any other Transaction Document and any opinion of counsel or any advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion of counsel.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or any other Transaction Document, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or Direction of any of the Noteholders, pursuant to the provisions of this Indenture or any other Transaction Document, unless such Noteholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that may be incurred therein or thereby.

The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or under any other Transaction Document, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Indenture or any other Transaction Document shall in any event require the Trustee to perform, or be responsible or liable for the manner of performance of, any obligations of the Issuer or the Servicer under this Indenture or any of the other Transaction Documents.

The Trustee shall not be liable for any Losses or Taxes (except for Taxes relating to any compensation, fees or commissions of any entity acting in its capacity as Trustee hereunder) or in connection with the selection of Eligible Investments or for any investment losses resulting from Eligible Investments.

When the Trustee incurs expenses or renders services in connection with an Acceleration Default, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any Applicable Law relating to bankruptcy matters or Applicable Law relating to creditors' rights generally.

The Trustee shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Trustee obtains actual knowledge of such event or has received written notice of such event at its Corporate Trust Office from the Issuer, the Servicer or Noteholders holding not less than 10% of the Outstanding Principal Balance of the Notes, which shall be labeled "Notice of Default" or "Notice of Event of Default".

The Trustee shall have no duty to monitor the performance of the Issuer, the Servicer or any other party to the Transaction Documents, or to confirm the accuracy of any information or calculation required to be provided by such parties to the Trustee under the Transaction Documents, nor shall it have any liability in connection with the malfeasance or nonfeasance by any other party to the Transaction Documents.

Whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder or under any other Transaction Document, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate signed by a Responsible Officer of the Issuer and delivered to the Trustee, and such certificate, in the absence of gross negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture or any other Transaction Document upon the faith thereof.

Except as provided expressly hereunder, the Trustee shall have no obligation to invest and reinvest any cash held in the Accounts in the absence of timely and specific written investment direction by or on behalf of the Issuer. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Issuer to provide timely written investment direction.

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 6.5 Not Acting in Individual Capacity. The Trustee acts hereunder solely as trustee unless otherwise expressly provided, and all Persons, other than the Noteholders to the extent expressly provided in this Indenture, having any claim against the Trustee by reason of the transactions contemplated hereby shall look, subject to the lien and priorities of payment as

provided herein or in any other Transaction Document, only to the property of the Issuer for payment or satisfaction thereof.

Section 6.6 Compensation of Trustee. The Trustee agrees that it shall have no right against the Noteholders or, except as provided in Section 3.6(a), the property of the Issuer, for any fee as compensation for its services hereunder. The Issuer shall pay to the Trustee from time to time such compensation as is agreed in writing between the two parties. The priority of such compensation shall be subject to Section 3.6(a).

Section 6.7 Notice of Defaults. As promptly as practicable after, and in any event within 30 days after, the occurrence of any Default hereunder, the Trustee shall send to the Issuer, the Servicer and the Noteholders of the related class, in accordance with Section 313(c) of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture), notice of such Default hereunder actually known to a Responsible Officer of the Trustee, unless such Default shall have been cured or waived; provided, that the Trustee shall not be deemed to have any fiduciary duty to the Issuer or the Servicer by reason of this Section 6.7, and the Trustee shall not be liable to the Issuer or the Servicer for any failure to comply with this Section 6.7; provided, further, that, except in the case of a Default on the payment of the interest, principal or Premium, if any, on any Note, the Trustee shall be fully protected in withholding such notice if and so long as a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Noteholders of the related class.

Section 6.8 May Hold Notes. The Trustee, any Transfer Agent, any Paying Agent, the Registrar or any of their Affiliates or any other agent in their respective individual or any other capacity may become the owner or pledgee of the Notes and, subject to Sections 310(b) and 311 of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture), may otherwise deal with the Issuer with the same rights it would have if it were not the Trustee, Transfer Agent, Paying Agent, Registrar or such other agent.

Section 6.9 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee that shall (a) be eligible to act as a trustee under Section 310(a) of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture), (b) meet the requirements of Rule 3a-7(a)(4)(i) under the Investment Company Act and (c) meet the Eligibility Requirements. If such corporation publishes reports of conditions at least annually, pursuant to Applicable Law or to the requirements of any federal, state, foreign, territorial or District of Columbia supervising or examining authority, then, for the purposes of this Section 6.9, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 6.9 to act as Trustee, the Trustee shall resign immediately as Trustee in the manner and with the effect specified in Section 7.1.

Section 6.10 Reports by the Trustee. Within sixty (60) days after May 15 of each year commencing with the first full calendar year following the issuance of any class of Notes, the Trustee shall, if required by Section 313(a) of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture), transmit to the Noteholders of each class, as provided in Section

313(c) of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture), a brief report describing, among other things, any changes in eligibility and qualifications of the Trustee and any Subordinated Note Issuance.

Section 6.11 Account Control Agreement and Other Transaction Documents. The Trustee shall enter into the Account Control Agreement with the Issuer and the Servicer on the Closing Date and shall hold the collateral pledged thereunder as part of the Collateral for purposes of this Indenture. The provisions of this Article VI shall apply to the Trustee's exercise of rights and remedies under the Account Control Agreement, *mutatis mutandis*. In addition, the Trustee shall enter into such other Transaction Documents on the Closing Date to which it is party.

Section 6.12 Collateral.

(a) The Trustee shall hold such of the Collateral as consists of instruments, deposit accounts, negotiable documents, money, goods, letters of credit and advices of credit in the State of New York. The Trustee shall hold such of the Collateral as constitutes investment property through a securities intermediary, which securities intermediary shall agree with the Trustee (which agreement shall be governed by the laws of the State of New York) that (a) such investment property shall at all times be credited to a securities account of the Trustee, (b) such securities intermediary shall treat the Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (c) all property credited to such securities account shall be treated as a financial asset, (d) such securities intermediary shall comply with entitlement orders originated by the Trustee without the further consent of any other Person, (e) such securities intermediary shall not agree with any Person other than the Trustee to comply with entitlement orders originated by such other Person and (f) such securities account and the property credited thereto shall not be subject to any lien, security interest or right of set-off in favor of such securities intermediary or anyone claiming through it (other than the Trustee). Except as permitted by this Section 6.12 or as otherwise permitted by any Transaction Document, the Trustee shall not hold any part of the Collateral through an agent or a nominee.

(b) The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the liens in any of the Collateral, for the validity or sufficiency of the Collateral, for the validity of the title of the Issuer to the Collateral, for insuring the Collateral or for the payment of Taxes, charges, assessments or liens upon the Collateral. Notwithstanding anything to the contrary in the Transaction Documents, the Trustee shall have no responsibility for recording, filing, re-recording or re-filing any financing statement, continuation statement, document, instrument or other notice in any public office at any time or times or to otherwise take any action to perfect or maintain the perfection of any security interest granted to it under the Transaction Documents.

Section 6.13 Preservation and Disclosure of Noteholder Lists. The Registrar shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Noteholders received by it. In any case where either (a) three or more Noteholders that have executed and delivered to the Registrar a Confidentiality Agreement and have certified that none of such Noteholders are Restricted Parties or (b) one or more Noteholders holding at least 25% of the Outstanding Principal Balance of the Senior Class of

Notes that have executed and delivered to the Registrar a Confidentiality Agreement (in each case, "Applicants") apply in writing to the Registrar and furnish to the Registrar reasonable proof that each such Applicant has owned a Note for a period of at least three (3) months preceding the date of such application, and such application states that the Applicants desire to communicate with other Noteholders with respect to their rights under this Indenture or under the Notes and such application is accompanied by a copy of the form of proxy or other communication that such Applicants propose to transmit, then the Registrar shall, within five (5) Business Days after the receipt of such application, inform such Applicants as to the approximate number of Noteholders whose names and addresses appear in such information and as to the approximate cost of mailing to such Noteholders the form of proxy or other communication, if any, specified in such application. The Registrar shall, upon the written request of such Applicants, mail to each Noteholder whose name and address appears in such information a copy of the form of proxy or other communication that is specified in such request, with reasonable promptness after a tender to the Registrar of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing. Each and every Noteholder, by receiving and holding the same, agrees with the Issuer and the Registrar that neither the Registrar nor any agent of the Issuer or the Registrar shall be held accountable by reason of mailing any material pursuant to a request made under this Section 6.13.

Section 6.14 Compliance with Applicable Anti-Terrorism and Anti-Money Laundering Regulations. In order to comply with Applicable Laws in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering, the Trustee is required to obtain, verify and record certain information relating to Persons that maintain a business relationship with the Trustee. Accordingly, the Issuer agrees to provide to the Trustee upon its request from time to time such identifying information and documentation as may be available for the Issuer in order to enable the Trustee to comply with such Applicable Laws.

Section 6.15 Jurisdiction of Trustee. Each of the Issuer and the Trustee agrees that the State of New York shall be the Trustee's jurisdiction for purposes of Sections 8-110, 9-304 and 9-305 of the UCC.

Section 6.16 Notice of Event of Default to the Servicer. If an Event of Default of which the Trustee has been provided with written notice or of which a Responsible Officer of the Trustee has actual knowledge has occurred and is continuing, the Trustee shall deliver written notice to the Servicer, in accordance with the notice information provided in the Account Control Agreement, of the occurrence and continuance of such Event of Default promptly and in any event within five (5) Business Days of a Responsible Officer of the Trustee so becoming aware of such Event of Default; provided, that the Trustee shall not be deemed to have any fiduciary duty to the Servicer by reason of this Section 6.16, and the Trustee shall not be liable to the Servicer for any failure to comply with this Section 6.16.

ARTICLE VII
SUCCESSOR TRUSTEES, REGISTRARS, TRANSFER AGENTS, PAYING AGENTS AND CALCULATION AGENTS

Section 7.1 Resignation and Removal of Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent. Any of the Trustee, the Registrar, the Transfer Agent, the Paying Agent and the Calculation Agent may resign as to all or any of the classes of Notes at any time without cause by giving at least thirty (30) days' prior written notice to the Issuer, the Servicer and the Noteholders. Noteholders holding a majority of the Outstanding Principal Balance of any class of Notes may at any time remove one or more of the Trustee, the Registrar, the Transfer Agent, the Paying Agent and the Calculation Agent as to such class without cause, with the consent of the Issuer (such consent not to be unreasonably withheld) if no Event of Default shall have occurred and be continuing, by an instrument in writing delivered to the Issuer, the Servicer and the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent being removed. In addition, the Issuer may remove the Trustee, the Registrar, the Transfer Agent, the Paying Agent or the Calculation Agent as to any class of Notes if (a) such Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent fails to comply with Section 310 of the Trust Indenture Act (as if the Trust Indenture Act applied to this Indenture) after written request therefor by the Issuer or the Noteholders of the related class who have been bona fide Noteholders for at least six (6) months, (b) such Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent fails to comply with Section 7.2(d) or any other provision hereof, (c) such Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent is adjudged a bankrupt or an

insolvent, (d) a receiver or public officer takes charge of such Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent or its property or (e) such Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent becomes incapable of acting. References to the Trustee, Registrar, Transfer Agent, Paying Agent and Calculation Agent in this Indenture include any successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, as to all or any of the classes of Notes appointed in accordance with this Article VII. Any resignation or removal of the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent pursuant to this Section 7.1 shall not be effective until a successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, shall have been duly appointed and vested as Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, pursuant to Section 7.2.

Section 7.2 Appointment of Successor.

(a) In the case of the resignation or removal of the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to any class of Notes under Section 7.1, the Issuer shall promptly appoint a successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to such class. If a successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to any class of Notes shall not have been appointed and accepted its appointment hereunder within sixty (60) days after the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, gives notice of resignation as to such class, the retiring Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, the Issuer, the Servicer or a majority of the Outstanding Principal Balance of such class of Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to such class.

(b) Any successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to any class of Notes, however appointed, shall execute and deliver to the Issuer, the Servicer and the predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to such class an instrument accepting such appointment, and thereupon such successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of such predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent hereunder in the trusts hereunder applicable to it with like effect as if it was named the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent as to such class herein; provided, that, upon the written request of such successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, such predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent shall, upon payment of all amounts due and owing to it, execute and deliver an instrument transferring to such successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, upon the trusts herein expressed applicable to it, all the estates, properties, rights, powers and trusts of such predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, and such predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent shall duly assign, transfer, deliver and pay over to such successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent all moneys or other property then held by such predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent hereunder solely for the benefit of such class of Notes.

(c) If a successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent is appointed with respect to one or more (but not all) classes of the Notes, the Issuer, the predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent and each successor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent with respect to each class of Notes shall execute and deliver an indenture supplemental hereto that shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent with respect to the classes of Notes as to which the predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent is not retiring shall continue to be vested in the predecessor Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the Notes hereunder by more than one Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent.

(d) Each Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent shall be an Eligible Institution and shall meet the Eligibility Requirements and the requirements of Section 6.9, if there be such an institution willing, able and legally qualified to perform the duties of a Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent hereunder.

(e) Any Person into which the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent shall be a party, or any Person to which all or substantially all of the corporate trust business of the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent (including the administration of the trust created by

this Indenture) may be transferred, shall, subject to the terms of Section 7.2(c) and Section 7.2(d), be the Trustee, Registrar, Transfer Agent, Paying Agent or Calculation Agent, as the case may be, under this Indenture without the execution or filing of any paper with any party hereto or any further act on the part of any party hereto, except where an instrument of transfer or assignment is required by Applicable Law to effect such succession, anything herein to the contrary notwithstanding.

ARTICLE VIII
INDEMNITY

Section 8.1 Indemnity. The Issuer shall indemnify and defend the Trustee (and its officers, directors, managers, employees and agents) for, and hold it harmless from and against, and reimburse the Trustee for, any loss, liability or expense incurred by it without gross negligence or willful misconduct on its part in connection with the acceptance or administration of this Indenture and its performance of its duties under this Indenture and the Notes or any other Transaction Document, including the costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties, and hold it harmless against any loss, liability or reasonable expense incurred without gross negligence or willful misconduct on its part, arising out of or in connection with actions taken or omitted to be taken in reliance on any Officer's Certificate furnished hereunder, or the failure to furnish any such Officer's Certificate required to be furnished hereunder. The Trustee shall notify the Issuer promptly of any claim asserted against the Trustee for which it may seek indemnity; provided, however, that failure to provide such notice shall not invalidate any right to indemnity hereunder unless, and only to the extent that, the Issuer is actually prejudiced by such omission. The Issuer shall defend any such claim and the Trustee shall cooperate in the defense thereof. The Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of one separate outside counsel for the Trustee. The Issuer need not pay for any settlements made without

its consent. The Issuer need not reimburse any expense or provide any indemnity against any loss, liability or expense incurred by the Trustee through gross negligence or willful misconduct.

Section 8.2 Survival. The provisions of Section 8.1 shall survive the termination of this Indenture or the earlier resignation or removal of the Trustee.

ARTICLE IX
MODIFICATION

Section 9.1 Modification with Consent of Noteholders. Subject to Section 3.6(b), with the consent of Noteholders holding a majority of the Outstanding Principal Balance of the Notes (together with any other class of Notes voting or acting as a single class), the Trustee may agree to amend, modify or waive any provision of (or consent to the amendment, modification or waiver of) this Indenture or the Notes; provided, however, that if there shall be Notes of more than one class Outstanding and if a proposed amendment, modification, consent or waiver shall directly affect the rights of Noteholders of one or more, but less than all, of such classes, then the consent only of the Noteholders holding a majority of the Outstanding Principal Balance of each affected class of Notes, each voting or acting as a single class, shall be required; provided, further, however, that no such amendment, modification, consent or waiver may, without the

consent of Noteholders holding 100% of the Outstanding Principal Balance of the class of Notes affected thereby:

(a) reduce the percentage of any such class of Notes required to take or approve any action hereunder or thereunder;

(b) reduce the amount or change the time of payment of any amount owing or payable with respect to any such class of Notes (including pursuant to any Redemption) or change the rate of interest or change the manner of calculation of interest payable with respect to any such class of Notes;

(c) alter or modify in any adverse respect the provisions of this Indenture with respect to the Collateral, or the manner of payment or the order of priority in which payments or distributions hereunder shall be made as between the Noteholders of such Notes and the Issuer or as among the Noteholders (including pursuant to Section 3.6) (except, with respect to Subordinated Notes or as among classes of Subordinated Notes, alterations or modifications to Section 3.6(a)(vii) or Section 3.6(a)(viii), at the time such Subordinated Notes are established, provided such alterations or modifications do not change the order of priority as between the Original Notes (or any Refinancing Notes in respect of the Original Notes) and the Subordinated Notes);

(d) consent to any assignment of the Issuer's rights to a party other than the Trustee for the benefit of the Noteholders; or

(e) alter the provisions relating to the Collection Account in a manner adverse to any Noteholder;

provided, that the Controlling Party, by written notice to the Trustee, may waive any Default or Event of Default to the extent provided in Section 4.5.

It shall not be necessary for the consent of the Noteholders under this Section 9.1 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof. Any such modification approved by the required Noteholders of any class of Notes shall be binding on the Noteholders of the relevant class of Notes and each party to this Indenture.

After an amendment under this Section 9.1 becomes effective, the Issuer or, at the direction of the Issuer, the Trustee shall mail to the Noteholders a notice briefly describing such amendment. Any failure of the Issuer or the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

After an amendment under this Section 9.1 becomes effective, it shall bind every Noteholder, whether or not notation thereof is made on any Note held by such Noteholder.

Section 9.2 Modification Without Consent of Noteholders. Subject to Section 3.6(b), the Trustee may, without the consent of any Noteholder, agree to amend, modify or waive any provision of (or consent to the amendment, modification or waiver of) this Indenture or the Notes to:

(a) establish the terms of any Refinancing Notes or Subordinated Notes pursuant to Section 2.15 and Section 2.16, respectively (including, with respect to Subordinated Notes or as among classes of Subordinated Notes, modifications to Section 3.6(a)(vii) and Section 3.6(a)(viii));

(b) evidence the succession of a successor to the Trustee, Registrar, Paying Agent, Transfer Agent or Calculation Agent, the removal of the Trustee, Registrar, Paying Agent, Transfer Agent or Calculation Agent or the appointment of any separate or additional trustee or trustees or co-trustees and to define the rights, powers, duties and obligations conferred upon any such separate trustee or trustees or co-trustees;

(c) correct, confirm or amplify the description of any property at any time subject to the lien of this Indenture or to assign, transfer, convey, mortgage or pledge any property to or with the Trustee;

(d) correct or supplement any defective or inconsistent provision of this Indenture or the Notes;

(e) grant or confer upon the Trustee for the benefit of the Noteholders any additional rights, remedies, powers, authority or security that may be lawfully granted or conferred and that are not contrary to this Indenture;

(f) add to the covenants or agreements to be observed by the Issuer for the benefit of the Noteholders, add Events of Default for the benefit of the Noteholders or surrender any right or power conferred upon the Issuer in this Indenture;

(g) comply with the requirements of the SEC or any other regulatory body or any Applicable Law;

(h) conform the text of this Indenture or the Notes issued hereunder to any provision described under the section of the Memorandum captioned "Description of the Offered Notes" to the extent that such provision was intended to be a verbatim recitation of a provision of this Indenture or the Notes issued hereunder; or

(i) effect any indenture supplemental hereto or any other amendment, modification, supplement, waiver or consent with respect to this Indenture or the Notes; provided, that such indenture supplemental hereto, amendment, modification, supplement, waiver or consent shall not adversely affect the interests of the Noteholders in any material respect as confirmed in an Officer's Certificate of the Issuer.

After an amendment under this Section 9.2 becomes effective, the Issuer or, at the direction of the Issuer, the Trustee shall mail to the Noteholders a notice briefly describing such amendment. Any failure of the Issuer or the Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

After an amendment under this Section 9.2 becomes effective, it shall bind every Noteholder, whether or not notation thereof is made on any Note held by such Noteholder.

Section 9.3 Subordination; Priority of Payments. The subordination provisions contained in Article X may not be amended or modified without the consent of Noteholders holding 100% of the Outstanding Principal Balance of the class of Notes affected thereby. In no event shall the provisions set forth in Section 3.6 relating to the priority of payment of Administrative Expenses be amended or modified.

Section 9.4 Execution of Amendments by Trustee. In executing, or accepting the additional trusts created by, any amendment or modification to this Indenture permitted by this Article IX or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such amendment that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE X
SUBORDINATION

Section 10.1 Subordination of the Notes.

(a) Each of the Issuer and the Trustee (on behalf of the Noteholders) covenants and agrees, and each Noteholder, by its acceptance of a Note, covenants and agrees, that the Notes of each class shall be issued subject to the provisions of this Article X. Each Noteholder, by its acceptance of a Note, further agrees that all amounts payable on any Note shall, to the extent provided in Section 3.6 and in the manner set forth in this Article X, be subordinated in right of payment to the prior payment in full of all accrued and unpaid government taxes, filing fees and registration fees to any federal, state or local government entities (excluding in each case federal, state and local income taxes) owed by the Issuer (if any) and all Administrative Expenses payable to the Service Providers pursuant to this Indenture and the other Transaction Documents. Each Noteholder of a Subordinated Note, by its acceptance of a Subordinated Note, further agrees that all amounts payable on any Subordinated Note shall, to the extent provided in Section 3.6 and in the manner set forth in this Article X, be subordinated in right of payment to the payment in full of the Original Notes (and any Refinancing Notes in respect of the Original Notes). Any claim to payment so stated to be subordinated is referred to as a "Subordinated Claim"; each claim to payment to which another claim to payment is a Subordinated Claim is referred to as a "Senior Claim" with respect to such Subordinated Claim.

(b) If, prior to the payment in full of all Senior Claims then due and payable, the Trustee or any Noteholder of a Subordinated Claim shall have received any payment or distribution in respect of such Subordinated Claim in excess of the amount to which such Noteholder was then entitled under Section 3.6, then such payment or distribution shall be received and held in trust by such Person and paid over or delivered to the Trustee for application as provided in Section 3.6.

(c) If any Service Provider, the Equityholder, the Trustee or any Noteholder of any Senior Claim receives any payment in respect of any Senior Claim that is subsequently invalidated, declared preferential, set aside and/or required to be repaid to a trustee, receiver or other party, then, to the extent such payment is so invalidated, declared preferential, set aside

and/or required to be repaid, such Senior Claim shall be revived and continue in full force and effect and shall be entitled to the benefits of this Article X, all as if such payment had not been received.

(d) The Trustee (on its own behalf and on behalf of the Noteholders) and the Issuer each confirm that the payment priorities specified in Section 3.6 shall apply in all circumstances.

(e) Each Noteholder, by its acceptance of a Note, authorizes and expressly directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article X, and appoints the Trustee its attorney-in-fact for such purposes, including, in the event of any dissolution, winding-up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency, receivership, reorganization or similar proceedings or upon an assignment for the benefit of creditors or otherwise), any actions tending towards liquidation of the property and assets of the Issuer or the filing of a claim for the unpaid balance of its Notes in the form required in those proceedings.

(f) If payment on the Notes is accelerated as a result of an Event of Default, the Issuer shall promptly notify the holders of the Senior Claims of such acceleration.

(g) After all Senior Claims are paid in full and until the Subordinated Claims are paid in full, and to the extent that such Senior Claims shall have been paid with funds that would, but for the subordination pursuant to this Article X, have been paid to and retained by such holders of Subordinated Claims, the holders of Subordinated Claims shall be subrogated to the rights of holders of Senior Claims to receive payments applicable to Senior Claims. A payment made under this Article X to holders of Senior Claims that otherwise would have been made to the holders of Subordinated Claims is not, as between the Issuer and the holders of Subordinated Claims, a payment by the Issuer.

(h) No right of any holder of any Senior Claim to enforce the subordination of any Subordinated Claim shall be impaired by an act or failure to act by the Issuer or the Trustee or by any failure by either the Issuer or the Trustee to comply with this Indenture.

(i) Each Noteholder by accepting a Note acknowledges and agrees that the foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of any Senior Claim, whether such Senior Claim was created or acquired before or after the issuance of such Noteholder's claim, to acquire and continue to hold such Senior Claim, and such holder of any Senior Claim shall be deemed conclusively to have relied on such subordination provisions in acquiring and continuing to hold such Senior Claim. Each holder of a Subordinated Claim agrees to comply with the provisions of Article IV.

ARTICLE XI
DISCHARGE OF INDENTURE; SURVIVAL

Section 11.1 Discharge of Indenture; Survival.

(a) When (i) all outstanding Secured Obligations (other than contingent indemnity and expense reimbursement obligations for which no claim has been made) have been

satisfied and the Issuer delivers to the Trustee all Outstanding Notes (other than Notes that have been replaced pursuant to Section 2.8) for cancellation or (ii) all Outstanding Notes have become due and payable, whether at maturity or as a result of the mailing of a notice of an Optional Redemption pursuant to Section 3.8(b) or any other Redemption pursuant to Section 3.8(c), in each case that is subject to Section 3.9(c), and the Issuer irrevocably deposits in the Collection Account funds sufficient to pay all remaining Administrative Expenses accrued and payable through such date and to pay all principal of and interest and Premium (if any) on Outstanding Notes at maturity or upon redemption all Outstanding Notes, including interest and any Premium thereon to maturity or the Redemption Date (other than Notes replaced pursuant to Section 2.8), and if in either case the Issuer pays all other sums payable hereunder by the Issuer, then this Indenture shall, subject to Section 11.1(b), cease to be of further effect and the Security Interest granted to the Trustee hereunder in the Collateral shall terminate. The Trustee shall acknowledge satisfaction and discharge of this Indenture, file all UCC termination statements and similar documents prepared by the Issuer and take other actions in order to terminate the Security Interest, on demand of the Issuer accompanied by an Officer's Certificate and an Opinion of Counsel, at the cost and expense of the Issuer, to the effect that any conditions precedent to a discharge of this Indenture have been met.

(b) Notwithstanding Section 11.1(a), the Issuer's obligations in Section 3.6(b) and Section 8.1, and the Trustee's obligations in Section 12.13 and Section 12.14 shall survive the satisfaction and discharge of this Indenture.

Section 11.2 Release of Security Interest in Certain Collateral. Upon distribution or transfer of (a) cash amounts permitted to be distributed or transferred by Article III and (b) cash proceeds from the Notes issued in accordance with this Indenture, the Security Interest in such cash amounts or such cash proceeds, as the case may be, shall terminate, and such item(s) of Collateral shall be released therefrom, immediately upon such distribution or transfer, without any further action by the Trustee; provided, however, that such release shall not apply to any other Collateral. The Trustee shall, at the expense of the Issuer, acknowledge the termination of any such Security Interest and the release of any such item(s) of Collateral therefrom and take other actions in order to evidence and confirm such termination and release, on demand of the Issuer accompanied by an Officer's Certificate to the effect that any conditions precedent to such termination and release have been met.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Right of Trustee to Perform. If the Issuer for any reason fails to observe or punctually to perform any of its obligations to the Trustee, whether under this Indenture, under any of the other Transaction Documents or otherwise, the Trustee shall have the power (but shall have no obligation), on behalf of or in the name of the Issuer or otherwise, to perform such obligations or cause performance of such obligations and to take any steps that the Trustee may, but shall not have the obligation to, in its absolute discretion, consider appropriate with a view to remedying, or mitigating the consequences of, such failure by the Issuer, in which case the reasonable expenses of the Trustee, including the reasonable fees and expenses of its counsel, incurred in connection therewith shall be payable by the Issuer under Section 8.1; provided, that

no exercise or failure to exercise this power by the Trustee shall in any way prejudice the Trustee's other rights under this Indenture or any of the other Transaction Documents.

Section 12.2 Waiver. Any waiver by any party of any provision of this Indenture or any right, remedy or option hereunder shall only prevent and estop such party from thereafter enforcing such provision, right, remedy or option if such waiver is given in writing and only as to the specific instance and for the specific purpose for which such waiver was given. The failure or refusal of any party hereto to insist in any one or more instances, or in a course of dealing, upon the strict performance of any of the terms or provisions of this Indenture by any party hereto or the partial exercise of any right, remedy or option hereunder shall not be construed as a waiver or relinquishment of any such term or provision, but the same shall continue in full force and effect. No failure on the part of the Trustee to exercise, and no delay on its part in exercising, any right or remedy under this Indenture shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Indenture are cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 12.3 Severability. In the event that any provision of this Indenture or the application thereof to any party hereto or to any circumstance or in any jurisdiction governing this Indenture shall, to any extent, be invalid or unenforceable under any Applicable Law, then such provision shall be deemed inoperative to the extent that it is invalid or unenforceable, and the remainder of this Indenture, and the application of any such invalid or unenforceable provision to the parties, jurisdictions or circumstances other than to whom or to which it is held invalid or unenforceable, shall not be affected thereby nor shall the same affect the validity or enforceability of this Indenture. The parties hereto further agree that the holding by any court of competent jurisdiction that any remedy pursued by the Trustee hereunder is unavailable or unenforceable shall not affect in any way the ability of the Trustee to pursue any other remedy available to it.

Section 12.4 Restrictions on Exercise of Certain Rights. The Trustee and, during the continuance of a payment Default with respect to the Senior Class of Notes, the Senior Trustee, except as otherwise provided in Section 4.4, Section 4.9 and Section 4.11, may sue for recovery or take any other steps for the purpose of recovering any of the obligations hereunder or any other debts or liabilities whatsoever owing to it by the Issuer. Each of the Noteholders shall at all times be deemed to have agreed by virtue of the acceptance of the Notes that only the Trustee and, during the continuance of a payment Default with respect to the Senior Class of Notes, the Senior Trustee, except as provided in Section 4.4, Section 4.9 and Section 4.11, may take any steps for the purpose of procuring the appointment of an administrative receiver, examiner, receiver or similar officer or the making of an administration order or for instituting any bankruptcy, reorganization, arrangement, insolvency, winding-up, liquidation, composition, examination or any like proceedings under Applicable Law.

Section 12.5 Notices. All Notices shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an

authorized officer of the party to which sent, (d) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt or (e) in the case of reports under Article III and any other report that is of a routine nature, on the date sent by first class mail or overnight courier or transmitted by facsimile, in all cases, with a copy emailed to the recipient at the applicable address, addressed to the recipient as follows:

if to the Issuer, to:

LABA Royalty Sub LLC
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David H. Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

if to the Trustee, the Registrar, the Transfer Agent, the Paying Agent or the Calculation Agent, to:

U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services (LABA Royalty Sub LLC)
Telephone: 617-603-6553
Facsimile: 617-603-6683

A copy of each notice given hereunder to any party hereto shall also be given to each of the other parties hereto. Each party hereto may, by notice given in accordance herewith to each of the other parties hereto, designate any further or different address to which subsequent Notices shall be sent.

Section 12.6 Assignments. This Indenture shall be a continuing obligation of the Issuer and shall (a) be binding upon the Issuer and its successors and assigns and (b) inure to the benefit of and be enforceable by the Trustee and by its successors, transferees and assigns and, as and to the extent provided in Section 3.6(b), the Equityholder. The Issuer may not assign any of its obligations under this Indenture or delegate any of its duties hereunder.

Section 12.7 Application to Court. The Trustee may at any time after the service of an Acceleration Notice apply to any court of competent jurisdiction for an order that the terms of this Indenture be carried into execution under the direction of such court and for the appointment

of a Receiver of the Collateral or any part thereof and for any other order in relation to the administration of this Indenture as the Trustee shall deem fit, and it may assent to or approve any application to any court of competent jurisdiction made at the instigation of any of the Noteholders and shall be indemnified by the Issuer against all costs, charges and expenses incurred by it in relation to any such application or proceedings.

Section 12.8 GOVERNING LAW. THIS INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING

TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 12.9 Jurisdiction.

(a) Each of the parties hereto agrees that the U.S. federal and State of New York courts located in the Borough of Manhattan, The City of New York shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Indenture and, for such purposes, submits to the jurisdiction of such courts. Each of the parties hereto waives any objection that it might now or hereafter have to the U.S. federal or State of New York courts located in the Borough of Manhattan, The City of New York being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Indenture and agrees not to claim that any such court is not a convenient or appropriate forum. Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Section 12.5. Each of the parties hereto waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law. Nothing herein shall in any way be deemed to limit the ability of the Issuer or the Trustee and the Noteholders, as the case may be, to serve any such legal process, summons, notices and documents in any other manner permitted by Applicable Law or to obtain jurisdiction over such party or bring suits, actions or proceedings against such party in such other jurisdictions, and in such manner, as may be permitted by Applicable Law.

(b) The submission to the jurisdiction of the courts referred to in Section 12.9(a) shall not (and shall not be construed so as to) limit the right of the Trustee to take proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

(c) Each of the parties hereto hereby consents generally in respect of any legal action or proceeding arising out of or in connection with this Indenture to the giving of any relief or the issue of any process in connection with such action or proceeding, including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment that may be made or given in such action or proceeding.

(d) If, for the purpose of obtaining a judgment or order in any court, it is necessary to convert a sum due hereunder to any Noteholder from Dollars into another currency, the Issuer has agreed, and each Noteholder by holding a Note shall be deemed to have agreed, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Noteholder could purchase Dollars with such other currency in the Borough of Manhattan, The City of New York on the Business Day preceding the day on which final judgment is given.

(e) The obligation of the Issuer in respect of any sum payable by it to a Noteholder shall, notwithstanding any judgment or order in a currency other than Dollars (the "Judgment Currency"), be discharged only to the extent that, on the Business Day following receipt by such Noteholder of such security of any sum adjudged to be so due in the Judgment Currency, such Noteholder may in accordance with normal banking procedures purchase Dollars with the Judgment Currency. If the amount of Dollars so purchased is less than the sum due to such Noteholder in the Judgment Currency (determined in the manner set forth in Section 12.9(d)), the Issuer agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Noteholder against such loss, and, if the amount of the Dollars so purchased exceeds the sum due to such Noteholder, such Noteholder agrees to remit to the Issuer such excess, provided that such Noteholder shall have no obligation to remit any such excess as long as the Issuer shall have failed to pay such Noteholder any obligations due and payable under the Notes of such Noteholder, in which case such excess may be applied to such obligations of the Issuer under such Notes in accordance with the terms thereof. The foregoing indemnity shall constitute a separate and independent obligation of the Issuer and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid.

(f) **EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS INDENTURE OR ANY MATTER ARISING HEREUNDER.**

Section 12.10 Counterparts. This Indenture may be executed in one or more counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument. Any counterpart may be executed by facsimile or other electronic transmission, and such facsimile or other electronic transmission shall be deemed an original.

Section 12.11 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.12 Trust Indenture Act. This Indenture shall not be qualified under the Trust Indenture Act and shall not be subject to the provisions of the Trust Indenture Act.

Section 12.13 Confidential Information. The Trustee, in its individual capacity and as Trustee, agrees and acknowledges that all information (including Confidential Information) provided to the Trustee by the Equityholder or the Issuer may be considered to be proprietary

and confidential information of Counterparty. The Trustee agrees to take reasonable precautions necessary to keep such information confidential, which precautions shall be no less stringent than those that the Trustee employs to protect its own confidential information. The Trustee shall not disclose to any third party other than as set forth herein, and shall not use for any purpose other than the exercise of the Trustee's rights and the performance of its obligations under this Indenture, any such information without the prior written consent of the disclosing party. The Trustee shall limit access to such information received hereunder to (a) its directors, officers, managers and employees and its legal advisors or (b) to the extent required by Applicable Law, in each case to each of whom disclosure of such information is necessary for the purposes described above.

Each of the Calculation Agent, the Transfer Agent, the Paying Agent and the Registrar agrees to be bound by this Section 12.13 to the same extent as the Trustee.

Section 12.14 Limited Recourse. Each of the parties hereto accepts that the enforceability against the Issuer of the obligations of the Issuer hereunder and under the Notes shall be limited to the Collateral. Once all of the Collateral has been realized and applied in accordance with Article III, any outstanding obligations of the Issuer shall be extinguished. For the avoidance of doubt, this Section 12.14 does not affect the obligations of the Servicer under the Account Control Agreement. Each of the parties hereto further agrees that it shall take no action against any employee, director, officer or administrator of the Issuer, the Equityholder or the Trustee in relation to this Indenture; provided, that nothing herein shall limit the Issuer (or its permitted successors or assigns, including any party hereto that becomes such a successor or assign) from pursuing claims, if any, against any such Person. The provisions of this Section 12.14 shall survive termination of this Indenture; provided, further, that the foregoing shall not in any way limit, impair or otherwise affect any rights of the Trustee or the Noteholders to proceed against any such Person (a) for intentional and willful fraud or intentional and willful misrepresentations on the part of or by such Person or (b) for the receipt of any distributions or payments to which the Issuer or any successor in interest is entitled, other than distributions expressly permitted pursuant to this Indenture and the other Transaction Documents.

Section 12.15 Tax Matters.

(a) The Issuer has entered into this Indenture, and the Notes shall be issued, with the intention that, for all Tax purposes, the Notes shall qualify as indebtedness. The Issuer, by entering into this Indenture, and each Noteholder and Beneficial Holder, agree to treat the Notes as indebtedness for all Tax purposes.

(b) The Issuer shall not be obligated to pay any additional amounts to the Noteholders or Beneficial Holders as a result of any withholding or deduction for, or on account of, any present or future Taxes imposed on payments in respect of the Notes. If a Global Note is issued, in accordance with the procedures of DTC, the Issuer shall (or shall direct the Trustee in writing to) request the Notes to be coded as eligible for the "portfolio interest exemption". Unless otherwise required by Applicable Law, if Definitive Notes are issued, so long as a Person shall have delivered to the Issuer a properly completed IRS Form W-9, IRS Form W-8BEN, IRS Form W-8ECI or other applicable IRS form or, in the case of a Person claiming the exemption from U.S. federal withholding tax under Section 871(h) of the Code or Section 881(c) of the

Code with respect to payments of "portfolio interest", the appropriate properly completed IRS form together with a certificate substantially in the form of Exhibit F, neither the Issuer nor the Trustee shall withhold Taxes on payments of interest made to any such Person. Any such IRS Form W-8BEN shall specify whether the Noteholder or Beneficial Holder to whom the form relates is entitled to the benefits of any applicable income tax treaty.

(c) Provided that the Issuer complies with Section 5.2(r), Section 12.15(a) and Section 12.15(b), if Definitive Notes are issued, (i) if any withholding Tax is imposed on the Issuer's payment under the Notes to any Noteholder or Beneficial Holder, such Tax shall reduce the amount otherwise distributable to such Noteholder or Beneficial Holder, as the case may be, (ii) the Trustee is hereby authorized and directed to retain from amounts otherwise distributable to any Noteholder or Beneficial Holder sufficient funds for the payment of any withholding Tax that is legally owed by the Issuer (but such authorization shall not prevent the Trustee from contesting any such withholding Tax in appropriate proceedings and withholding payment of such Tax, if permitted by Applicable Law, pending the outcome of such proceedings) and (iii) the amount of any withholding Tax imposed with respect to any Noteholder or Beneficial Holder shall be treated as cash distributed to such Noteholder or Beneficial Holder, as the case may be, at the time it is withheld by the Trustee and remitted to the appropriate taxing authority. Provided that the Issuer complies with Section 5.2(r), Section 12.15(a) and Section 12.15(b), if there is a possibility that withholding Tax is payable with respect to a payment under the Notes, the Trustee may (but shall have no obligation to) withhold such amounts in accordance with this Section 12.15. Nothing herein shall impose an obligation on the part of the Trustee to determine the amount of any Tax or withholding obligation on the part of the Issuer or in respect of the Notes.

Section 12.16 Waiver. The Issuer waives any right to contest or otherwise assert that the Sale and Contribution Agreement is other than a true, absolute and irrevocable sale and assignment by the Transferor to the Issuer of the Collateral under Applicable Law.

Section 12.17 Distribution Reports. Each party hereto acknowledges and agrees that the Trustee may effect delivery of any Distribution Report (including the materials accompanying such Distribution Report) by making such Distribution Report and accompanying materials available by posting such Distribution Report and accompanying materials on IntraLinks or a substantially similar electronic transmission system; provided, however, that, upon written notice to the Trustee, any Noteholder may decline to receive such Distribution Report and accompanying materials via IntraLinks or a substantially similar electronic transmission system, in which case such Distribution Report and accompanying materials shall be provided as otherwise set forth in the Transaction Documents. Subject to the conditions set forth in the proviso in the preceding sentence, nothing in this Section 12.17 shall prejudice the right of the Trustee to make such Distribution Report and accompanying materials available in any other manner specified in the Transaction Documents.

Section 12.18 No Voting Rights for Non-Permitted Holders. In determining whether the Noteholders holding the requisite aggregate Outstanding Principal Balance of the Notes have given any request, demand, authorization, direction, notice, consent, approval or waiver under this Indenture or any other Transaction Document (which in the case of any other Transaction Document shall be as third party beneficiaries to such other Transaction Document), the Notes

held by the Issuer or any Non-Permitted Holder, including any Noteholder that is a Restricted Party, shall be disregarded and deemed not to be Outstanding. In connection therewith, as a condition to the exercise of the voting rights or remedial or other rights assigned to the Noteholders under this Indenture and the other Transaction Documents (which in the case of the other Transaction Documents shall be as third party beneficiaries to such Transaction Documents), including the remedial rights exercisable by the Noteholders following the occurrence and during the continuation of an Event of Default, each Noteholder shall be required to deliver a certification to the Trustee in the form attached as Exhibit H to this Indenture that it is not a Non-Permitted Holder, including that it is not a Restricted Party. The aggregate Outstanding Principal Balance of the Notes held by any Noteholder that does not deliver the certification will be excluded from the denominator in calculating whether Noteholders holding the requisite Outstanding Principal Balance of the Notes have consented and from the numerator in calculating whether the Noteholders holding the requisite Outstanding Principal Balance of the Notes have objected to any matter subject to the vote or approval of the Noteholders.

Section 12.19 U.S.A. Patriot Act. The parties hereto acknowledge that, in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they shall provide the Trustee with information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Indenture as of the day and year first written above.

LABA ROYALTY SUB LLC,
as Issuer

By: /s/ Bradford J. Shafer
Name: Bradford J. Shafer
Title: Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Alison D. B. Nadeau
Name: Alison D. B. Nadeau
Title: Vice President

SCHEDULE A

ASSUMED AMORTIZATION SCHEDULE FOR OPTIONAL REDEMPTION IN RESPECT OF THE ORIGINAL NOTES

Payment Date	Principal Payment	Remaining Balance of the Original Notes
		$ 450,000,000
November 15, 2014	$ 0	$ 462,838,846
February 15, 2015	$ 0	$ 466,130,294
May 15, 2015	$ 0	$ 468,019,513
August 15, 2015	$ 0	$ 468,379,244
November 15, 2015	$ 2,234,235	$ 466,145,009
February 15, 2016	$ 5,092,243	$ 461,052,767
May 15, 2016	$ 8,151,653	$ 452,901,114
August 15, 2016	$ 11,411,823	$ 441,489,292
November 15, 2016	$ 14,381,444	$ 427,107,848
February 15, 2017	$ 17,542,980	$ 409,564,868
May 15, 2017	$ 20,837,782	$ 388,727,086
August 15, 2017	$ 24,296,558	$ 364,430,528
November 15, 2017	$ 27,876,332	$ 336,554,196
February 15, 2018	$ 31,935,084	$ 304,619,112
May 15, 2018	$ 36,182,164	$ 268,436,947
August 15, 2018	$ 40,856,193	$ 227,580,754
November 15, 2018	$ 45,700,290	$ 181,880,464
February 15, 2019	$ 50,654,131	$ 131,226,333
May 15, 2019	$ 54,532,746	$ 76,693,587
August 15, 2019	$ 58,893,273	$ 17,800,314
November 15, 2019	$ 17,800,314	$ 0
February 15, 2020	$ 0	$ 0
May 15, 2020	$ 0	$ 0

August 15, 2020	$ 0	$ 0
November 15, 2020	$ 0	$ 0
February 15, 2021	$ 0	$ 0
May 15, 2021	$ 0	$ 0

August 15, 2021	$ 0	$ 0
November 15, 2021	$ 0	$ 0
February 15, 2022	$ 0	$ 0
May 15, 2022	$ 0	$ 0
August 15, 2022	$ 0	$ 0
November 15, 2022	$ 0	$ 0
February 15, 2023	$ 0	$ 0
May 15, 2023	$ 0	$ 0
August 15, 2023	$ 0	$ 0
November 15, 2023	$ 0	$ 0
February 15, 2024	$ 0	$ 0
May 15, 2024	$ 0	$ 0
August 15, 2024	$ 0	$ 0
November 15, 2024	$ 0	$ 0
February 15, 2025	$ 0	$ 0
May 15, 2025	$ 0	$ 0
August 15, 2025	$ 0	$ 0
November 15, 2025	$ 0	$ 0
February 15, 2026	$ 0	$ 0
May 15, 2026	$ 0	$ 0
August 15, 2026	$ 0	$ 0
November 15, 2026	$ 0	$ 0
February 15, 2027	$ 0	$ 0
May 15, 2027	$ 0	$ 0
August 15, 2027	$ 0	$ 0

November 15, 2027	$ 0	$ 0
February 15, 2028	$ 0	$ 0
May 15, 2028	$ 0	$ 0
August 15, 2028	$ 0	$ 0
November 15, 2028	$ 0	$ 0
February 15, 2029	$ 0	$ 0
May 15, 2029	$ 0	$ 0

Exhibit 10.1

SALE AND CONTRIBUTION AGREEMENT

dated as of April 17, 2014

between

THERAVANCE, INC., as the Transferor

and

LABA ROYALTY SUB LLC, as the Transferee

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SALE AND CONTRIBUTION AGREEMENT

This SALE AND CONTRIBUTION AGREEMENT dated as of April 17, 2014 (this "Sale and Contribution Agreement"), is entered into between Theravance, Inc., a Delaware corporation (the "Transferor"), and LABA Royalty Sub LLC, a Delaware limited liability company (the "Transferee").

W I T N E S S E T H

WHEREAS, the Transferor is a party to the Counterparty Agreement previously entered into with the Counterparty, pursuant to which the Transferor is entitled to receive royalty payments based on Net Sales of the Products in the Territory and other amounts payable by the Counterparty thereunder subject to the terms and conditions thereof; and

WHEREAS, the Transferor desires to sell, contribute, assign, transfer, convey and grant to the Transferee, and the Transferee desires to purchase, acquire and accept from the Transferor, the Transferred Assets described herein, upon and subject to the terms and conditions set forth in this Sale and Contribution Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINED TERMS AND RULES OF CONSTRUCTION

Section 1.1 Defined Terms and Rules of Construction. Capitalized terms used but not otherwise defined in this Sale and Contribution Agreement shall have the respective meanings given to such terms in Annex A attached hereto, which is hereby incorporated by reference herein. The rules of construction set forth in Annex A attached hereto shall apply to this Sale and Contribution Agreement and are hereby incorporated by reference herein.

The following terms as used herein shall have the following meanings:

"Closing" shall have the meaning set forth in Section 6.1.

"Purchase Price" shall have the meaning set forth in Section 2.2.

"Recharacterization Event" shall have the meaning set forth in Section 2.1(d).

"Transferor Account" shall have the meaning set forth in Section 5.4(d).

"Transferor Indemnified Party" shall have the meaning set forth in Section 7.1.

"Transferor Secured Amount" shall have the meaning set forth in Section 2.1(d).

"Transferred Assets" shall have the meaning set forth in Section 2.1(a).

ARTICLE II
SALE AND CONTRIBUTION OF THE TRANSFERRED ASSETS

Section 2.1 Sale and Contribution of the Transferred Assets.

(a) Subject to the terms and conditions of this Sale and Contribution Agreement, on the Closing Date, the Transferor hereby sells, contributes, assigns, transfers, conveys and grants to the Transferee, and the Transferee hereby purchases, acquires and accepts from the Transferor, all of the Transferor's right, title and interest in, to and under the Counterparty Agreement and all of its rights and obligations thereunder other than the Excluded Rights and Obligations, free and clear of any and all Liens, other than those Liens created in favor of the Transferee by the Transaction Documents; provided, that the Transferor shall retain the right to receive all of the amounts paid by the Counterparty pursuant to the Counterparty Agreement other than the Retained Royalty Payments subject to the Transferor's agreement to perform its obligations under Section 2.3(a) (the "Transferred Assets").

(b) The Transferor and the Transferee intend and agree that the sale, contribution, assignment, transfer, conveyance and granting of the Transferred Assets under this Sale and Contribution Agreement shall be, and are, a true, complete, absolute and irrevocable contribution and sale by the Transferor to the Transferee of the Transferred Assets and that such contribution and sale shall provide the Transferee with the full benefits of ownership of the Transferred Assets. The Transferor hereby relinquishes all title and control over the Transferred Assets upon the transfer of the Transferred Assets hereunder. Neither the Transferor nor the Transferee intends the transactions contemplated hereby to be, or for any purpose characterized as, a loan from the Transferee to the Transferor or a pledge or assignment or a security agreement. The Transferor waives any right to contest or otherwise assert that this Sale and Contribution Agreement does not constitute a true, complete, absolute and irrevocable sale and contribution by the Transferor to the Transferee of the Transferred Assets under Applicable Law, which waiver shall be enforceable against the Transferor in any Bankruptcy Event in respect of the Transferor. The sale, contribution, assignment, transfer, conveyance and granting of the Transferred Assets shall be reflected on the Transferor's financial statements and other records as a sale and contribution of assets to the Transferee (except to the extent GAAP or the rules of the SEC require otherwise with respect to the Transferor's consolidated financial statements).

(c) The Transferor hereby authorizes the Transferee or its designee to execute, record and file, and consents to the Transferee or its designee executing, recording and filing, at the Transferee's sole cost and expense, financing statements in the appropriate filing offices under the UCC (and continuation statements with respect to such financing statements when applicable), and amendments thereto or assignments thereof, in such manner and in such jurisdictions as are necessary or appropriate to evidence or perfect the sale, contribution, assignment, transfer, conveyance and grant by the Transferor to the Transferee, and the purchase, acquisition and acceptance by the Transferee from the Transferor, of the Transferred Assets and to perfect the security interest in the Transferred Assets granted by the Transferor to the

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Transferee pursuant to Section 2.1(d), in each case subject to the confidentiality obligations under the Counterparty Agreement.

(d) If, notwithstanding Section 2.1(a) and Section 2.1(b), the transfer of the Transferred Assets pursuant to this Sale and Contribution Agreement is characterized as a collateral transfer for security or as a financing transaction (a "Recharacterization Event"), the Transferor intends that the Transferee have a first priority, perfected security interest in, and Lien on, the Transferred Assets to secure an obligation of the Transferor to pay to the Transferee an amount equal to the value of the Transferred Assets (the "Transferor Secured Amount"). Accordingly, if a Recharacterization Event occurs, the Transferor shall be deemed to have granted, and the Transferor does hereby grant, to the Transferee a security interest in, to and under the Transferred Assets and all proceeds thereof, whether now owned or existing or hereafter acquired, in each case to secure the obligation of the Transferor set forth in Section 2.1(e).

(e) If a Recharacterization Event has occurred, the Transferor agrees to pay or cause to be paid to the Transferee all amounts that would have been required to be paid to the Transferee if the Recharacterization Event had not occurred; such payments to be made when, as and if Collaboration Payments are received from the Counterparty. The maximum amount payable by the Transferor to the Transferee pursuant to this Section 2.1(e) shall be the Transferor Secured Amount. If the Transferor fails to pay to the Transferee any such amounts, (i) the Transferee may exercise all rights and remedies of a secured party under the relevant UCC (including the rights of a secured party obtaining a Lien under Section 9-608 of the relevant UCC) and (ii) the Transferor may exercise all of the rights of a debtor granting a Lien under the relevant UCC (including the rights of a debtor granting a Lien under Section 9-623 of the relevant UCC).

Section 2.2 Purchase Price. In full consideration for the sale, contribution, assignment, transfer, conveyance and granting of the Transferred Assets, and subject to the terms and conditions set forth herein, on the Closing Date the fair market value of the Transferred Assets, as agreed at arm's length by the Transferor and the Transferee (the "Purchase Price"), shall be paid as follows:

(i) the Transferee shall pay (or cause to be paid) to the Transferor, or the Transferor's designee, the sum of $405,791,878.78, in immediately available funds, by wire transfer to the Transferor Account;

(ii) the Transferee shall grant the Transferor the right to continue to receive all Collaboration Payments other than Retained Royalty Payments subject to the agreement of the Transferor to continue to perform its obligations under Section 2.3(a); and

(iii) any excess portion of the consideration for the Transferred Assets, where the total consideration for the Transferred Assets is equal to the fair market value of the Transferred Assets as agreed at arm's length by the Transferor and the Transferee, shall be a capital contribution by the Transferor to the Transferee in an amount equal to

such excess portion. The Transferee shall mark its books and records to reflect the amount of such contribution.

Section 2.3 Performance of Obligations under the Counterparty Agreement.

(a) The Transferor hereby agrees to perform all of the obligations (including those described in Section 2.3(c) but excluding the Retained Obligation) due to the Counterparty under the Counterparty Agreement.

(b) Upon receiving written notice from the Counterparty that any amount is due to the Counterparty pursuant to the Counterparty Agreement, the Transferee shall notify the Transferor promptly (and in no event later than two Business Days following receipt) of the receipt of such notice and the date on which it was received.

(c) The Transferor hereby agrees to pay all amounts due to the Counterparty pursuant to the Counterparty Agreement other than the Retained Obligation (which shall be paid out of the amounts deposited pursuant to Section 2.3(d)) within thirty (30) days following the date on which the Transferee receives written notice from the Counterparty that such amounts are due or within such shorter notice period within which such amounts become due under the Counterparty Agreement, except for any amounts that the Transferor is contesting in good faith in the manner provided in the Counterparty Agreement.

(d) On the Closing Date, the Transferee shall apply a portion of the net proceeds from the offering and sale of the Original Notes to deposit an amount equal to $32,000,000 into the Milestone Payment Reserve Account to cover the Retained Obligation as it comes due. The Transferee hereby agrees to pay the Retained Obligation within thirty (30) days following the date on which the Transferee receives written notice from the Counterparty that such amounts are due or within such shorter notice period within which such amounts become due under the Counterparty Agreement.

(e) In the event that the Transferee has reasonable cause to believe that the Transferor will not make any payment required under Section 2.3(c), or perform any other obligation required under Section 2.3(a), on or prior to the date on which the Transferor is required to make such payment or perform such obligation, or the Transferor fails to make any such payment or perform any such obligation, the Transferee hereby agrees to make such payment or perform such obligation on behalf of the Transferor on or prior to the date on which payment or performance is due (or as promptly thereafter as reasonably possible) and the Transferor agrees to reimburse the Transferee for any such payment and for any expenses incurred in connection with the performance of such obligation as promptly thereafter as is reasonably possible.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEROR

The Transferor hereby represents and warrants to the Transferee as of the date hereof as follows:

Section 3.1 Organization. The Transferor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all power and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted and to exercise its rights and to perform its obligations under this Sale and Contribution Agreement. The Transferor is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

Section 3.2 No Conflicts.

(a) None of the execution and delivery by the Transferor of any of the Transaction Documents to which the Transferor is party, the performance by the Transferor of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will: (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to or by which the Transferor or any of its assets or properties may be subject or bound, except where such violation would not have a Material Adverse Effect, (B) any contract, agreement, indenture, lease, license, deed, binding obligation or instrument to which the Transferor is a party or by which the Transferor or any of its assets or properties is bound (including the Master Agreement and the Counterparty Agreement), except where such violation would not have a Material Adverse Effect or (C) any of the organizational documents of the Transferor; (ii) give rise to any additional right of termination, cancellation or acceleration of any right or obligation of the Transferor, except where such additional right of termination, cancellation or acceleration would not have a Material Adverse Effect; or (iii) except as provided in any of the Transaction Documents to which it is party, result in or require the creation or imposition of any Lien by the Transferor on the Counterparty Agreement and the Transferor's rights thereunder.

(b) Except for any Lien created or existing under the Counterparty Agreement and except as permitted under the Indenture, the Transferor has not granted any Lien on the Transaction Documents or the Counterparty Agreement.

Section 3.3 Authorization. The Transferor has all power and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Transferor is party and the performance by the Transferor of its obligations hereunder and thereunder have been duly authorized by the Transferor. Each of the Transaction Documents to which the Transferor is party has been duly executed and delivered by the Transferor. Each of the Transaction Documents to which the Transferor is party constitutes the legal, valid and binding obligation of the Transferor, enforceable against the Transferor in accordance with its respective terms, subject to applicable

bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 3.4 Ownership. The Transferor is the exclusive owner of the entire right, title (legal and equitable) and interest in, to and under the Transferred Assets and has good and valid title thereto, free and clear of all Liens. None of the patents covering the Products are owned by or assigned to the Transferor. The Transferred Assets sold, contributed, assigned, transferred, conveyed and granted to the Transferee on the Closing Date have not been pledged, sold, contributed, assigned, transferred, conveyed or granted by the Transferor to any other Person. The Transferor has full right to sell, contribute, assign, transfer, convey and grant the Transferred Assets to the Transferee. Upon the sale, contribution, assignment, transfer, conveyance and granting by the Transferor of the Transferred Assets to the Transferee, the Transferee shall acquire full legal and equitable title to the Transferred Assets free and clear of all Liens, other than Liens in favor of the Trustee and Liens permitted under the Indenture, and shall be the exclusive owner of the Transferred Assets. The Transferee shall have the same rights as the Transferor would have with respect to the Transferred Assets (if the Transferor were still the owner of such Transferred Assets) against any other Person.

Section 3.5 Governmental and Third Party Authorizations. The execution and delivery by the Transferor of the Transaction Documents to which the Transferor is party, the performance by the Transferor of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder (including the sale, contribution, assignment, transfer, conveyance and granting of the Transferred Assets to the Transferee) do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority, except for the filing of a Current Report on Form 8-K with the SEC, the filing of UCC financing statements and those previously obtained.

Section 3.6 Investment Company Status. Assuming the accuracy of the representations and warranties of the initial purchasers of the Original Notes in the Purchase Agreements and compliance by the initial purchasers of the Original Notes and any subsequent purchaser of the Original Notes with the requirements set forth under the section of the Memorandum captioned "Transfer Restrictions", the Transferor is not, and, after giving effect to the use of proceeds as contemplated by the Memorandum, would not be, required to register as an investment company under the Investment Company Act.

Section 3.7 No Litigation. There is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena, other proceeding or, to the knowledge of the Transferor, investigation pending or, to the knowledge of the Transferor, threatened that challenges or seeks to prevent or delay the consummation of the transactions contemplated by the Transaction Documents to which the Transferor is party.

Section 3.8 Solvency. The Transferor is, and after giving effect to the sale and contribution of the Transferred Assets to the Transferee pursuant to this Sale and Contribution Agreement will be, solvent and able to pay its debts as they come due, and has and will have adequate capital to carry out its business as now conducted or proposed to be conducted.

Section 3.9 Tax Matters. No deduction or withholding for or on account of any tax has been made, or was required under Applicable Law to be made, from any payment to the Transferor under the Counterparty Agreement and, following the Closing Date, the Transferor believes that no such deduction or withholding will be required under currently Applicable Law to be made from any payment to the Transferee under the Counterparty Agreement. The Transferor has filed (or caused to be filed) all material tax returns and reports required by Applicable Law to have been filed by it and has paid all material taxes required to be paid by it, except any such taxes that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP from time to time have been set aside on its books.

Section 3.10 No Brokers' Fees. The Transferor has not taken any action that would entitle any Person other than Morgan Stanley & Co. LLC to any commission or broker's fee in connection with the transactions contemplated by this Sale and Contribution Agreement.

Section 3.11 Regulatory Approval. To the knowledge of the Transferor, each of the Products has received Regulatory Approval for marketing and distribution in the jurisdictions listed on Exhibit C.

Section 3.12 Counterparty Agreement.

(a) Other than the Transaction Documents, the Master Agreement, the Counterparty Agreement and the Counterparty Agreement Guarantee, there is no written contract to which the Transferor is a party or by which any of its assets or properties is bound or committed that relates to the Transferred Assets or the Products for which breach, nonperformance, cancellation or failure to renew would have a Material Adverse Effect.

(b) The Counterparty Agreement is in full force and effect and is the legal, valid and binding obligation of the Transferor and, to the knowledge of the Transferor, the Counterparty, enforceable against the Transferor and, to the knowledge of the Transferor, the Counterparty in accordance with its terms, subject, as to enforcement of remedies, to bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(c) Except as provided in the Counterparty Agreement, the Transferor is not a party to any agreement providing for a sharing of, or providing for or permitting any Set-off against, the Retained Royalty Payments payable under the Counterparty Agreement to the Transferor.

Section 3.13 UCC Matters. The Transferor's exact legal name is, and for the preceding 10 years has been, "Theravance, Inc." The Transferor's jurisdiction of organization is, and for the preceding 10 years has been, Delaware. The Transferor's principal place of business is, and for the preceding 10 years has been, located at 901 Gateway Boulevard, South San Francisco, California 94080. For the preceding 10 years, the Transferor has not been the subject of any merger or other corporate or other reorganization in which its identity or status was materially changed, except in each case when it was the surviving or resulting Person.

Section 3.14 Margin Stock. The Transferor is not engaged in the business of extending credit for the purpose of buying or carrying margin stock, and no portion of the Purchase Price shall be used by the Transferor for a purpose that violates Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time.

Section 3.15 Securities Filings. As of their respective filing dates, the Theravance SEC Documents complied in all material respects with the requirements of the Exchange Act and none of the Theravance SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed document with the SEC.

Section 3.16 No Implied Representations. The Transferee acknowledges and agrees that: (i) other than the representations and warranties of Transferor specifically contained in this Article III, there are no representations or warranties of the Transferor for the benefit of the Transferee, and the Transferor hereby disclaims all other representations and warranties for the benefit of the Transferee, whether express, statutory or implied, in connection with this Sale and Contribution Agreement or the other Transaction Documents, including with respect to the Retained Royalty Payments, the Counterparty Agreement, the Products and data relating to the Products including patents and patent applications and other intellectual property owned by the Counterparty, and (ii) the Transferee does not rely on, and the Transferor shall have no liability in respect of, any representation or warranty not specifically set forth in this Article III. Without limiting the foregoing, the Transferee acknowledges and agrees that (a)(i) the Counterparty Agreement generally imposes confidentiality obligations on information relating to or generated in connection with those agreements and performance thereunder, and, accordingly, the Transferee has made its own investigation and assessment of the Retained Royalty Payments, the Products and data relating to the Products including patents and patent applications and other intellectual property owned by the Counterparty, and (ii) the Transferee is not relying on, and shall have no remedies in respect of, any implied warranties whatsoever, including as to the future amount or potential amount of the Retained Royalty Payments, the creditworthiness of the Counterparty or any of its "Affiliates" (as defined for this purpose in the Counterparty Agreement) or any other matter, and (b) except as expressly set forth in any representation or warranty in this Article III, the Transferor shall have no liability to the Transferee for losses or damages pursuant to this Sale and Contribution Agreement (or otherwise) with respect to any information, documents or materials furnished or made available to the Transferee or any of its "Affiliates" (as defined for this purpose in the Counterparty Agreement) in any presentation, interview or in any other form or manner relating to this Sale and Contribution Agreement, the other Transaction Documents or the Counterparty Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE TRANSFEREE

The Transferee hereby represents and warrants to the Transferor as of the date hereof as follows:

Section 4.1 Organization. The Transferee is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all power and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted and to exercise its rights and to perform its obligations under the Counterparty Agreement. The Transferee is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

Section 4.2 No Conflicts.

(a) None of the execution and delivery by the Transferee of any of the Transaction Documents to which the Transferee is party, the performance by the Transferee of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to or by which the Transferee or any of its assets or properties may be subject or bound, except where such violation would not have a Material Adverse Effect, (B) any contract, agreement, indenture, lease, license, deed, binding obligation or instrument to which the Transferee is a party or by which the Transferee or any of its assets or properties is bound, except where such violation would not have a Material Adverse Effect or (C) any of the organizational documents of the Transferee; or (ii) give rise to any additional right of termination, cancellation or acceleration of any right or obligation of the Transferee.

(b) The Transferee has not granted any Lien on the Transaction Documents except as provided herein or in any other Transaction Document.

Section 4.3 Authorization. The Transferee has all power and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which the Transferee is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Transferee is party and the performance by the Transferee of its obligations hereunder and thereunder have been duly authorized by the Transferee. Each of the Transaction Documents to which the Transferee is party has been duly executed and delivered by the Transferee. Each of the Transaction Documents to which the Transferee is party constitutes the legal, valid and binding obligation of the Transferee, enforceable against the Transferee in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

Section 4.4 Governmental and Third Party Authorizations. The execution and delivery by the Transferee of the Transaction Documents to which the Transferee is party, the performance by the Transferee of its obligations hereunder and thereunder and the

consummation of any of the transactions contemplated hereunder and thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority, except for the filing of UCC financing statements and those previously obtained.

Section 4.5 No Litigation. There is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena, other proceeding or, to the knowledge of the Transferee, investigation pending or, to the knowledge of the Transferee, threatened that challenges or seeks to prevent or delay the consummation of the transactions contemplated by the Transaction Documents.

Section 4.6 Not a Restricted Party. The Transferee is not a Restricted Party.

ARTICLE V
COVENANTS

Until the Notes have been repaid, redeemed, repurchased or defeased and the Indenture has been satisfied or discharged, the parties hereto covenant and agree as follows:

Section 5.1 Notices.

(a) Subject to applicable confidentiality obligations, the Transferor shall provide the Transferee with written notice as promptly as practicable (and in any event within five Business Days) after becoming aware of any of the following: (i) any breach or default by the Transferor of or under any covenant, agreement or other provision of any Transaction Document to which it is party; (ii) any representation or warranty made by the Transferor in any of the Transaction Documents or in any certificate delivered to the Transferee pursuant to this Sale and Contribution Agreement shall prove to be untrue or inaccurate in any material respect on the date as of which made; or (iii) any change, effect, event, occurrence, state of facts, development or condition that would have a Material Adverse Effect.

(b) The Transferor shall notify the Transferee in writing not less than 30 days prior to any change in, or amendment or alteration of, the Transferor's (i) legal name, (ii) form or type of organizational structure or (iii) jurisdiction of organization.

(c) Subject to applicable confidentiality restrictions and Applicable Laws relating to securities matters or other confidential matters, the Transferor shall make available such other information as the Transferee may, from time to time, reasonably request with respect to the Transferred Assets.

Section 5.2 Confidentiality.

Except as otherwise required by Applicable Law, by the rules and regulations of any securities exchange or trading system or by the FDA or any other Governmental Authority with similar regulatory authority and except as otherwise set forth in this Section 5.2, all Confidential Information furnished by the Transferor to the Transferee, as well as the terms, conditions and provisions of this Sale and Contribution Agreement and any other Transaction Document, shall be kept confidential by the Transferee and shall be used by the Transferee only

in connection with this Sale and Contribution Agreement and any other Transaction Document and the transactions contemplated hereby and thereby. Notwithstanding the foregoing, the Transferee may disclose such information to its actual and potential partners, directors, employees, managers, officers, agents, investors (including any holder of debt securities of the Transferee and such holder's advisors, agents and representatives), co-investors, insurers and insurance brokers, underwriters, financing parties, equity holders, brokers, advisors, lawyers, bankers, trustees and representatives subject in each case to the confidentiality requirements set forth in the Counterparty Agreement; provided, that such Persons (i) shall be informed of the confidential nature of such information and shall be obligated to keep such information confidential pursuant to obligations of confidentiality no less onerous than those set out herein or (ii) shall have executed and delivered a Confidentiality Agreement.

Section 5.3 Further Assurances.

(a) Subject to the terms and conditions of this Sale and Contribution Agreement, and applicable confidentiality obligations, each party hereto will use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary under Applicable Laws to consummate the transactions contemplated by the Transaction Documents to which the Transferor or the Transferee, as applicable, is party, including to (i) perfect the sale and contribution of the Transferred Assets to the Transferee pursuant to this Sale and Contribution Agreement, (ii) execute and deliver such other documents, certificates, instruments, agreements and other writings and to take such other actions as may be necessary or desirable, or reasonably requested by the other party hereto, in order to consummate or implement expeditiously the transactions contemplated by any Transaction Document to which the Transferor or the Transferee, as applicable, is party, (iii) perfect, protect, more fully evidence, vest and maintain in the Transferee, good, valid and marketable rights and interests in and to the Transferred Assets free and clear of all Liens (other than those permitted by the Transaction Documents), (iv) create, evidence and perfect the Transferee's back-up security interest granted pursuant to Section 2.1(d), (v) enable the Transferee to exercise or enforce any of the Transferee's rights under any Transaction Document to which the Transferor or the Transferee, as applicable, is party, including following the Closing Date and (vi) with respect to the Transferor, continue to perform all of the obligations (including the payment obligations) due to the Counterparty under the Counterparty Agreement other than the Retained Obligation following the Closing Date.

(b) The Transferor and the Transferee shall cooperate and provide assistance as reasonably requested by the other party hereto, at the expense of such other party hereto (except as otherwise set forth herein), in connection with any litigation, arbitration, investigation or other proceeding (whether threatened, existing, initiated or contemplated prior to, on or after the date hereof) to which the other party hereto, any of its Affiliates (other than

the other party hereto) or controlling persons or any of their respective officers, directors, equityholders, controlling persons, managers, agents or employees is or may become a party or is or may become otherwise directly or indirectly affected or as to which any such Persons have a direct or indirect interest, in each case relating to any Transaction Document, the transactions described herein or therein or the Transferred Assets but in all cases excluding any litigation brought by the Transferor against the Transferee or brought by the Transferee (for itself or on behalf of any Transferee Indemnified Party) against the Transferor.

(c) The Transferor shall comply with all Applicable Laws with respect to the Transaction Documents to which it is party, the Master Agreement, the Counterparty Agreement, the Transferred Assets and all ancillary agreements related thereto, the violation of which would have a Material Adverse Effect.

(d) The Transferor shall not enter into any contract, agreement or other legally binding arrangement (whether written or oral), or grant any right to any other Person, in any case that would reasonably be expected to conflict with the Transaction Documents or serve or operate to limit or circumscribe any of the Transferee's rights under the Transaction Documents; provided, that the Transferor shall be permitted to enter into any contract, agreement or other legally binding arrangement, to establish any subsidiary, and to grant any right to any other Person in connection with the monetization of an additional undivided percentage interest in the royalty payments or other amounts payable to the Transferor or the Transferee pursuant to the Counterparty Agreement or other property of the Transferor or the Transferee other than the Retained Royalty Payments (and so long as the ability to enforce such right by such Person does not adversely affect the Retained Royalty Payments or the Notes; provided, that the ability to enforce: (i) the grant of a security interest in the Transferee's right to enforce the representations, warranties and covenants made by the Transferor under this Sale and Contribution Agreement and the Servicer under the Servicing Agreement and any and all products and proceeds thereof as collateral in connection with the foregoing on substantially similar terms as the security interest granted under the Transaction Documents (and the related remedies in connection with the enforcement thereof) but with respect to the property encumbered by such security interest and no greater than the ability to enforce such rights under the Indenture, (ii) the grant of any right to additional undivided percentage interests in the royalty payments or other amounts payable to the Transferor or the Transferee pursuant to the Counterparty Agreement or other property of the Transferor or the Transferee other than the Retained Royalty Payments and (iii) the disposition or pledge of any such interest shall be deemed not to adversely affect the Retained Royalty Payments or the Notes).

Section 5.4 Payments on Account of the Transferred Assets.

(a) Notwithstanding the terms of the Counterparty Instruction, if the Counterparty, any Sublicensee or any other Person makes any Collaboration Payment to the Transferor (or any of its Subsidiaries other than the Transferee) directly and not to the Concentration Account, then (i) the portion of such payment that represents Retained Royalty Payments shall be held by the Transferor (or such Subsidiary) in trust for the benefit of the Transferee, (ii) the Transferor (or such Subsidiary) shall have no right, title or interest whatsoever in such portion of such payment and shall not create or suffer to exist any Lien thereon and (iii) the Transferor (or such Subsidiary) promptly, and in any event no later than two Business Days following the receipt by the Transferor (or such Subsidiary) of such portion of such payment, shall remit such portion of such payment to the Concentration Account pursuant to Section 5.4(b) in the exact form received with all necessary endorsements.

(b) The Transferor shall make all payments required to be made by it to the Transferee pursuant to this Sale and Contribution Agreement by wire transfer of immediately available funds, without Set-off, to the Concentration Account.

(c) If the Counterparty, any Sublicensee or any other Person makes any payment to the Transferee of Collaboration Payments relating to periods prior to April 1, 2014, then (i) such payment shall be held by the Transferee in trust for the benefit of the Transferor in the Concentration Account, (ii) the Transferee shall have no right, title or interest whatsoever in such payment and shall not create or suffer to exist any Lien thereon and (iii) the Transferee promptly, and in any event no later than two Business Days following the receipt by the Transferee of such payment, shall remit such payment to the Transferor Account pursuant to Section 5.4(d) in the exact form received with all necessary endorsements.

(d) The Transferee shall make all payments required to be made by it to the Transferor pursuant to this Sale and Contribution Agreement by wire transfer of immediately available funds, without Set-off, to the following account (or to such other account as the Transferor shall notify the Transferee in writing from time to time) (the "Transferor Account"):

Bank Name:	Citibank, New York
ABA Number:	021-000-89
Account Number:	40611172
Account Name:	Morgan Stanley Smith Barney LLC
Account Number	156-125817-240
Account Name	Theravance, Inc
Attention:	Yi Ching Yau

Section 5.5 Existence. The Transferor shall preserve and maintain its existence; provided, that the foregoing shall not prohibit the Transferor from entering into any merger, consolidation or amalgamation with, or selling or otherwise transferring all or substantially all of its assets to, any other Person if the Transferor is the continuing or surviving entity or if the surviving or continuing or acquiring entity assumes (either expressly or by operation of law) all of the obligations of the Transferor.

Section 5.6 Payment of Expenses; Commingling of Assets. Until each indenture entered into by the Transferee has been satisfied and discharged in full in accordance with its terms, (A) the Transferor shall pay from its own funds and assets all obligations and indebtedness incurred by it and (B) the Transferor shall not commingle its assets with those of any other Person except as specifically permitted in the Transaction Documents.

Section 5.7 The Counterparty Agreement and the Master Agreement.

(a) The Transferee shall comply in all material respects with the Counterparty Agreement. The Transferor shall comply in all material respects with the Master Agreement and, to the extent that the transfer of the Transferred Assets pursuant to this Sale and Contribution Agreement is characterized as a collateral transfer for security or as a financing transaction rather than as a sale and contribution, the Counterparty Agreement. Neither the Transferor nor the Transferee shall take any action, or fail to take any action, that breaches, violates or would reasonably be expected to breach or violate the Counterparty Agreement or the Master Agreement or that gives or would reasonably be expected to give the Counterparty the right to terminate the Counterparty Agreement in whole or, in respect of the Products, in part.

(b) The Transferee shall use all reasonable efforts to enforce the Counterparty Agreement and its rights thereunder, in each case to the extent that the failure to do so would be reasonably expected to have a direct or indirect material and adverse effect on the Transferor's or the Transferee's rights or obligations (i) under the Counterparty Agreement or (ii) the Master Agreement. The Transferor shall use all reasonable efforts to enforce the Master Agreement and its rights thereunder and, to the extent that the transfer of the Transferred Assets pursuant to this Sale and Contribution Agreement is characterized as a collateral transfer for security or as a financing transaction rather than as a sale and contribution, the Counterparty Agreement and its rights thereunder, in each case to the extent that the failure to do so would be reasonably expected to have a direct or indirect material and adverse effect on the Transferor's or the Transferee's rights or obligations under the Counterparty Agreement or the Master Agreement, in each case, with respect to or affecting the Products and/or the Retained Royalty Payments.

(c) The Transferee shall not amend, modify, cancel, terminate or grant any consent under the Counterparty Agreement, or agree to do any of the foregoing to the Counterparty Agreement, to the extent that such amendment, modification, cancellation, termination or grant of any consent would be reasonably expected to have a material and adverse effect on the Transferor's or the Transferee's rights or obligations under the Counterparty Agreement or the Master Agreement. The Transferor shall not amend, modify, cancel, terminate or grant any consent under the Master Agreement, or agree to do any of the foregoing to the Master Agreement, in each case to the extent that such amendment, modification, cancellation, termination or grant of a consent would be reasonably expected to have a material and adverse effect on the Transferor's or the Transferee's rights or obligations under the Counterparty Agreement or the Master Agreement to the extent relating to the Products and/or the Retained Royalty Payments.

(d) It is understood and agreed between the Transferor and the Transferee that neither the Transferor nor the Transferee shall have any obligation or liability with respect to the allocations of resources, scope, intensity and duration of efforts or decisions and judgments made in connection with development and commercialization (including acts or omissions that result in or increase the likelihood of, greater or lesser commercial success): (i) with respect to, or as among, any Products or (ii) as among any one or more Products, on the one hand, and any Excluded Products, other products or therapeutically active components, on the other hand.

ARTICLE VI
THE CLOSING

Section 6.1 Closing. The closing of the transactions contemplated hereby (the "Closing") shall take place on the Closing Date at the offices of Skadden, Arps, Slate, Meagher & Flom LLP located at 4 Times Square, New York, New York 10036, or such other place as the parties hereto mutually agree.

Section 6.2 Closing Deliverables of the Transferor. At the Closing, the Transferor shall deliver or cause to be delivered to the Transferee the following:

(a) the Servicing Agreement, the Account Control Agreement and the Purchase Agreements, each executed by the Transferor;

(b) the Counterparty Instruction executed by the Transferor; and

(c) such other certificates, documents and financing statements as the Transferee may reasonably request, including (i) the documents contemplated by Article VI of the Purchase Agreements and (ii) a financing statement reasonably satisfactory to the Transferee to evidence and perfect the sale, contribution, assignment, transfer, conveyance and grant of the Transferred Assets pursuant to Section 2.1 and the back-up security interest granted pursuant to Section 2.1(d).

Section 6.3 Closing Deliverables of the Transferee. At the Closing, the Transferee shall deliver or cause to be delivered to the Transferor the following:

(a) the Purchase Price in accordance with Section 2.2; and

(b) such other certificates, documents and financing statements as the Transferor may reasonably request.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Indemnification by the Transferor. The Transferor agrees to indemnify and hold each of the Transferee and its Affiliates (other than the Transferor) and any and all of their respective partners, directors, managers, members, officers, employees, agents and controlling persons (each, a "Transferee Indemnified Party") harmless from and against, and to pay to each Transferee Indemnified Party the amount of, any and all Losses awarded against or incurred or suffered by such Transferee Indemnified Party, whether or not involving a third party claim, demand, action or proceeding, arising out of (i) any breach of any representation, warranty or certification made by the Transferor in any of the Transaction Documents to which the Transferor is party or certificates given by the Transferor to the Transferee in writing pursuant to this Sale and Contribution Agreement or any other Transaction Document, (ii) any breach of or default under any covenant or agreement by the Transferor to the Transferee pursuant to any Transaction Document to which the Transferor is party and (iii) any fees, expenses, costs, liabilities or other amounts incurred or owed by the Transferor to any brokers, financial advisors or comparable other Persons retained or employed by it in connection with the transactions contemplated by this Sale and Contribution Agreement; provided, however, that the foregoing shall exclude any indemnification to any Transferee Indemnified Party (A) that has the effect of imposing on the Transferor any

recourse liability for Collaboration Payments because of the insolvency or other creditworthiness problems of the Counterparty or the insufficiency of the Collaboration Payments, whether as a result of the amount of cash flow arising from sales or licensing of the Products or otherwise, unless resulting from the failure of the Transferor to perform its obligations under this Sale and Contribution Agreement, (B) that results from the bad faith, gross negligence or willful misconduct of such Transferee Indemnified Party or (C) to the extent resulting from the failure of any Person other than the Transferor to perform any of its obligations under any of the Transaction Documents. In addition to the foregoing obligations of the Transferor, the Transferor agrees to pay to the Transferee on demand all reasonable costs and expenses incurred by the Transferee in connection with the enforcement of the Transaction Documents against the Transferor or any Affiliates of the Transferor. Any amounts due to any

Transferee Indemnified Party hereunder shall be payable by the Transferor to such Transferee Indemnified Party upon demand.

Section 7.2 Procedures. If any claim, demand, action or proceeding (including any investigation by any Governmental Authority) shall be brought or alleged against an indemnified party in respect of which indemnity is to be sought against an indemnifying party pursuant to Section 7.1, the indemnified party shall, promptly after receipt of notice of the commencement of any such claim, demand, action or proceeding, notify the indemnifying party in writing of the commencement of such claim, demand, action or proceeding, enclosing a copy of all papers served, if any; provided, that the omission to so notify such indemnifying party will not relieve the indemnifying party from any liability that it may have to any indemnified party under Section 7.1 unless, and only to the extent that, the indemnifying party is actually prejudiced by such omission. In the event that any such action is brought against an indemnified party and it notifies the indemnifying party of the commencement thereof in accordance with this Section 7.2, the indemnifying party will be entitled, at the indemnifying party's sole cost and expense, to participate therein and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Article VII for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. In any such proceeding, an indemnified party shall have the right to retain its own counsel, but the reasonable fees and expenses of such counsel shall be at the expense of such indemnified party unless (a) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel, (b) the indemnifying party has assumed the defense of such proceeding and has failed within a reasonable time to retain counsel reasonably satisfactory to such indemnified party or (c) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential conflicts of interests between them based on the advice of counsel to the indemnifying party. It is agreed that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to local counsel where necessary) for all such indemnified parties. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any Loss by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or discharge of any claim or pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement, compromise or discharge, as the case may be, (i) includes an unconditional written release of such indemnified party, in form and substance reasonably satisfactory to the indemnified party, from all liability on claims that are the subject matter of such claim or proceeding, (ii) does not include any statement as to an admission of fault, culpability or failure to act by or on behalf of any indemnified party and (iii) does not impose any continuing material obligation or restrictions on any indemnified party.

Section 7.3 Exclusive Remedy. Except in the case of fraud or intentional breach, following the Closing, the indemnification afforded by this Article VII shall be the sole and exclusive remedy for any and all Losses awarded against or incurred or suffered by a party hereto in connection with the transactions contemplated by the Transaction Documents, including with respect to any breach of any representation, warranty or certification made by a party hereto in any of the Transaction Documents or certificates given by a party hereto in writing pursuant hereto or thereto or any breach of or default under any covenant or agreement by a party hereto pursuant to any Transaction Document. Notwithstanding anything in this Sale and Contribution Agreement to the contrary, in the event of any breach or failure in performance of any covenant or agreement contained in any Transaction Document, the non-breaching party shall be entitled to specific performance, injunctive or other equitable relief pursuant to Section 8.2.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Survival. All representations, warranties and covenants made herein and in any other Transaction Document or any certificate delivered pursuant to this Sale and Contribution Agreement shall survive the execution and delivery of this Sale and Contribution Agreement and the Closing. The rights hereunder to indemnification, payment of Losses or other remedies based on such representations, warranties and covenants shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time (whether before or after the execution and delivery of this Sale and Contribution Agreement or the Closing) in respect of the accuracy or inaccuracy of or compliance with, any such representation, warranty or covenant. The waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant, shall not affect the rights hereunder to indemnification, payment of Losses or other remedies based on such representations, warranties and covenants.

Section 8.2 Specific Performance. Each of the parties hereto acknowledges that the other party hereto will have no adequate remedy at law if it fails to perform any of its obligations under any of the Transaction Documents. In such event, each of the parties hereto agrees that the other party hereto shall have the right, in addition to any other rights it may have (whether at law or in equity), to specific performance of this Sale and Contribution Agreement.

Section 8.3 Notices. All notices, consents, waivers and other communications hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent or (d) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt, in all cases, with a copy emailed to the recipient at the applicable address, addressed to the recipient as follows:

if to the Transferor (including as Servicer under the Servicing Agreement), to:

Theravance, Inc.
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

if to the Transferee, to:

LABA Royalty Sub LLC
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Each party hereto may, by notice given in accordance herewith to the other party hereto, designate any further or different address to which subsequent notices, consents, waivers and other communications shall be sent.

Section 8.4 Successors and Assigns.

(a) The Transferor shall not assign or otherwise transfer this Sale and Contribution Agreement without the prior written consent of the Transferee, except that the Transferor may assign this Sale and Contribution Agreement, in whole or in part, without the consent of the Transferee to (A) an acquirer of the Transferor or a successor to all or substantially all of the assets of the Transferor, whether by merger, sale of stock, sale of assets or other similar transaction, if the surviving or continuing or acquiring entity assumes (either

expressly or by operation of law) all of the obligations of the Transferor under this Sale and Contribution Agreement or (B) an "Affiliate" (as defined for this purpose in the Counterparty Agreement) of the Transferor for so long as such Affiliate remains an Affiliate of the Transferor and if the Transferor guarantees the performance of this Sale and Contribution Agreement by such Affiliate. Notwithstanding the foregoing, the Transferor may assign or otherwise transfer any of the rights or obligations retained by it pursuant to this Sale and Contribution Agreement, including its right to all or part of the amounts paid by the Counterparty pursuant to the Counterparty Agreement (other than the Retained Royalty Payments), to any Person at any time without the consent of the Transferee so long as the Transferor has determined that such assignment or transfer is in compliance with the Counterparty Agreement.

(b) Except as provided in Section 8.15, any assignment or transfer of this Sale and Contribution Agreement by the Transferee shall require the prior written consent of the Transferor. The Transferor shall be under no obligation to reaffirm any representations, warranties or covenants made in this Sale and Contribution Agreement or any of the other Transaction Documents or take any other action in connection with any such assignment by the Transferee.

(c) Subject to the terms and conditions of this Section 8.4, this Sale and Contribution Agreement shall be binding upon and inure to the benefit of the parties hereto and their permitted successors and assigns. Any purported assignment or other transfer in violation of this Section 8.4 shall be void ab initio and of no force or effect.

Section 8.5 Independent Nature of Relationship. Except for any Capital Securities of the Transferee held by the Transferor and the Transferor's role as Servicer under the Servicing Agreement, the relationship between the Transferor and the Transferee is solely that of transferor and transferee, and neither the Transferor nor the Transferee has any fiduciary or other special relationship with the other party hereto or any of its Affiliates. Nothing contained herein or in any other Transaction Document shall be deemed to constitute the Transferor and the Transferee as a partnership, an association, a joint venture or any other kind of entity or legal form.

Section 8.6 Entire Agreement. This Sale and Contribution Agreement, together with the Exhibits hereto (which are incorporated herein by reference) and the other Transaction Documents, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties hereto with respect to the subject matter of this Sale and Contribution Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein (or in the Exhibits hereto or the other Transaction Documents) has been made or relied upon by either party hereto. Except as described in Section 8.11 and Section 8.15, neither this Sale and Contribution Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto and the other Persons referenced in Article VII any rights or remedies hereunder.

Section 8.7 Governing Law; Submission to Jurisdiction.

(a) THIS SALE AND CONTRIBUTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL

SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Sale and Contribution Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

(c) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Sale and Contribution Agreement in any court referred to in Section 8.7(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Section 8.3. Nothing in this Sale and Contribution Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law. Each of the parties hereto waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law.

Section 8.8 Waiver of Jury Trial. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SALE AND CONTRIBUTION AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SALE AND CONTRIBUTION AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 8.8.**

Section 8.9 Severability. If one or more provisions of this Sale and Contribution Agreement are held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Sale and Contribution Agreement, which shall remain in full force and effect, and the parties hereto shall replace such invalid, illegal or unenforceable provision with a new provision permitted by Applicable Law and having an economic effect as close as possible to the invalid, illegal or unenforceable provision. Any provision of this Sale and Contribution Agreement held invalid, illegal or unenforceable only in part or degree by a court of competent jurisdiction shall remain in full force and effect to the extent not held invalid, illegal or unenforceable.

Section 8.10 Counterparts. This Sale and Contribution Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. Any counterpart may be executed by facsimile or other electronic transmission, and such facsimile or other electronic transmission shall be deemed an original.

Section 8.11 Amendments; No Waivers. Neither this Sale and Contribution Agreement nor any term or provision hereof may be amended, supplemented, restated, waived, changed or modified except with the written consent of the parties hereto; provided, that unless (i) the amendment or other modification is solely for purposes of correcting a technical error, inconsistency or ambiguity, conforming this Sale and Contribution Agreement to the Memorandum, adding to the covenants or agreements to be observed by the Transferee for the benefit of the Noteholders, complying with the requirements of the SEC or any other regulatory body or any Applicable Law or (ii) the amendment or other modification does not adversely affect the interests of the Noteholders in any material respect as confirmed in an Officer's Certificate of the Transferee, the Transferee shall provide at least ten (10) Business Days' prior written notice of the amendment or other modification to the Noteholders and the amendment or the modification shall not be effective if the Controlling Party notifies the Transferee within such ten (10) Business Day period that it would be materially adversely affected by the amendment or other modification and does not consent to the amendment or other modification; provided, further, that the consent of the Controlling Party shall not be required if such amendment or other modification only addresses the disposition of funds in the Concentration Account other than the Retained Royalty Payments as certified in an Officer's Certificate delivered by the Issuer to the Controlling Party on or prior to the execution and delivery of such amendment or other modification. The Noteholders shall be third party beneficiaries of this Sale and Contribution Agreement for purposes of this provision. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on either party hereto in any case shall entitle it to

any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 8.12 Limited Recourse. The Transferor accepts that the enforceability against the Transferee of any obligations of the Transferee hereunder shall be limited to the Collateral.

Once all such Collateral has been realized upon and such Collateral has been applied in accordance with the Indenture, any outstanding obligations of the Transferee to the Transferor hereunder shall be extinguished. The Transferor further agrees that it shall take no action against any employee, director, officer or administrator of the Transferee in relation to this Sale and Contribution Agreement; provided, that nothing herein shall limit the Transferee (or its permitted successors or assigns) from pursuing claims, if any, against any such Person; provided, further, that the foregoing shall not in any way limit, impair or otherwise affect any rights of the Transferor to proceed against any employee, director, officer or administrator of the Transferee (a) for intentional and willful fraud or intentional and willful misrepresentations on the part of or by such employee, director, officer or administrator or (b) for the receipt of any distributions or payments to which the Transferor or any successor in interest is entitled.

Section 8.13 Cumulative Remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by Applicable Law.

Section 8.14 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Sale and Contribution Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 8.15 Acknowledgment and Agreement. The Transferor expressly acknowledges and agrees that a portion of the Transferee's right, title and interest in, to and under this Sale and Contribution Agreement shall be pledged and assigned to the Trustee as collateral by the Transferee pursuant to the Indenture, and the Transferor consents to such pledge and assignment. Each of the parties hereto acknowledges and agrees that the Trustee, acting on behalf of the Noteholders, is a third party beneficiary of the rights of the Transferee arising hereunder that have been assigned and pledged to the Trustee under the Indenture, which rights may be enforced by the Trustee only so long as an Event of Default has occurred and is continuing and the Trustee is exercising remedies under the Indenture, in each case (if required thereunder) at the Direction of the Controlling Party. In all other cases, the Transferee shall have the right to give and withhold consents and exercise or refrain from exercising rights and remedies hereunder. The Trustee shall also be a third party beneficiary of this Sale and Contribution Agreement in order to permit the Trustee to exercise such other rights as are granted to the Trustee hereunder.

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IN WITNESS WHEREOF, the parties hereto have executed this Sale and Contribution Agreement as of the day and year first written above.

THERAVANCE, INC.

By: /s/ Rick E Winningham
Name: Rick E Winningham
Title: Chairman and Chief Executive Officer

LABA ROYALTY SUB LLC

By: /s/ Bradford J. Shafer
Name: Bradford J. Shafer
Title: Secretary

EXHIBIT A

FORM OF COUNTERPARTY INSTRUCTION

April 17, 2014

VIA FACSIMILE

Glaxo Group Limited
Glaxo Wellcome House
Berkeley Avenue
Greenford
Middlesex UB6 0NN
United Kingdom

Attn: Company Secretary
Facsimile: 011 44 208-047-6912

GlaxoSmithKline plc
980 Great West Road
Brentford
Middlesex
TW8 9GS
United Kingdom
Attn: Corporate Law
Facsimile: 011 44 208-047-6912

GlaxoSmithKline plc
980 Great West Road
Brentford
Middlesex
TW8 9GS
United Kingdom
Attn: Vice President, Worldwide Business Development
Facsimile: 011 44 208-990-8142

Ladies and Gentlemen:

Reference is hereby made to that certain Collaboration Agreement (as amended, the "Collaboration Agreement"), dated November 14, 2002, between Theravance, Inc., a Delaware corporation ("Theravance"), and Glaxo Group Limited, a private company limited by shares registered under the laws of England and Wales ("GSK").

You are hereby irrevocably and unconditionally directed to make all payments of royalties and other payments due under the Collaboration Agreement to Theravance by GSK on or after April 1, 2014 by wire transfer in United States dollars to the following account:

Bank Name: U.S. Bank National Association
ABA Number: 091 000 022
Account Number: 6745037900
Account Name: LABA Royalty Sub LLC — Concentration Account
Attention: Jo-Ann L. Shaw

In addition, you are hereby irrevocably and unconditionally instructed to send all reports or other notices sent or required to be sent to Theravance pursuant to the Collaboration Agreement, including the reports produced by GSK pursuant to Section 6.4.2 of the Collaboration Agreement, to the following parties at the following addresses, beginning immediately:

LABA Royalty Sub LLC
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Theravance, Inc., as Servicer
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Thank you for your cooperation regarding this matter.

Very truly yours,

THERAVANCE, INC.

By: _____
Name:
Title:

EXHIBIT B

TRC LLC RIGHTS AND OBLIGATIONS

The rights, benefits and obligations set forth below shall constitute "TRC LLC Rights and Obligations" under the Sale and Contribution Agreement (the "Sale and Contribution Agreement"), dated as of April 17, 2014, by and between Theravance, Inc., a Delaware corporation ("Theravance") and LABA Royalty Sub LLC (the "Issuer"), a Delaware limited liability company. The TRC LLC Rights and Obligations shall not be sold or contributed to the Issuer pursuant to the Sale and Contribution Agreement.

1. The obligation of TRC LLC pursuant to Section 2.1 of the Collaboration Agreement to license to GSK any Theravance Patents, Theravance Know-How and Theravance's rights in the Joint Inventions to the extent any such assets are included in the Assigned Assets assigned to TRC LLC pursuant to the Agreement.

2. The right to grant the prior written consent to any sublicense or subcontract relating to the development or manufacture of any Assigned Collaboration Product pursuant to Section 2.2 of the Collaboration Agreement, and to require GSK to secure all appropriate covenants, obligations and rights from any such sublicensee or subcontractor relating to such sublicense or subcontract.

3. The right to enforce the obligations of GSK with respect to trademark and housemarks under Section 2.3 of the Collaboration Agreement to the extent such obligations relate to any Assigned Collaboration Product and the obligation to perform the obligations of Theravance under Section 2.3 of the Collaboration Agreement to the extent relating to the Assigned Collaboration Products. For the avoidance of doubt, TRC LLC shall own all Theravance Inventions invented after the Contribution Date that relate primarily to the Assigned Collaboration Products and shall have a non-exclusive license to all Joint Inventions invented after the Contribution Date to the extent useful in the development and commercialization of the Assigned Collaboration Products.

4. The right to enforce GSK's obligations to use Diligent Efforts, as modified pursuant to Section 3.1 of the Collaboration Amendment Agreement, to the extent relating to any Assigned Collaboration Product.

5. The right to require GSK to bear costs and expenses pursuant to Section 4.2.2 of the Collaboration Agreement to the extent such costs and expenses relate to Assigned Collaboration Products.

6. The right to receive update reports pursuant to Section 4.2.3(c) of the Collaboration Agreement to the extent such reports relate to Assigned Collaboration Products.

7. The right to enforce GSK's obligations pursuant to Section 4.2.4 of the Collaboration Agreement to the extent relating to the Development of Assigned Collaboration Products.

8. The right to enforce GSK's obligations pursuant to Section 4.5.2. of the Collaboration Agreement to the extent relating to any GSK Discontinued Compound to the extent such compound is an Assigned Collaboration Product.

9. The right to receive a Theravance Discontinued Compound that is reverted pursuant to Section 4.5.3 of the Collaboration Agreement to the extent such compound is an Assigned Collaboration Product, provided that TRC LLC shall comply with the obligations with respect to such reverted compound set forth in such section.

10. The right to enforce GSK's obligations pursuant to, and the obligation to comply with, Section 4.5.4 of the Collaboration Agreement to the extent there is an Assigned Collaboration Product being Developed under the Collaboration Agreement.

11. The right to require GSK to Commercialize Assigned Collaboration Products pursuant to Article 5 of the Collaboration Agreement, including the right to enforce GSK's obligation to bears costs and expenses pursuant to Section 5.3.1 of the Collaboration Agreement to the extent related to Assigned Collaboration Products and to receive any reports relating thereto pursuant to Article 5, as modified by the Collaboration Amendment Agreement.

12. The obligation to comply with Section 5.3.3 of the Collaboration Agreement to the extent it applies to Assigned Collaboration Products.

13. The right to receive all milestone payments payable by GSK pursuant to Section 6.2.2 of the Collaboration Agreement relating to Assigned Collaboration Products.

14. The obligation to make all milestone payments payable pursuant to Section 6.2.3 of the Collaboration Agreement relating to Assigned Collaboration Products.

15. The right to receive and the obligation to deliver notices of Development Milestones pursuant to Section 6.2.4 of the Collaboration Agreement relating to Assigned Collaboration Products.

16. The right to receive all royalties payable by GSK pursuant to Section 6.3 of the Collaboration Agreement relating to Assigned Collaboration Products.

17. The right to enforce the obligations of GSK pursuant to Section 6.4 through 6.10 of the Collaboration Agreement with respect to royalties payable by GSK relating to Assigned Collaboration Products.

18. The right to enforce the obligations of GSK, and the obligation to perform the obligations of Theravance, pursuant to Article 7 of the Collaboration Agreement with respect to promotional materials and samples relating to the Assigned Collaboration Products.

19. The right to enforce the obligations of GSK, and the obligation to perform the obligations of Theravance, pursuant to Article 8 of the Collaboration Agreement with respect to regulatory matters relating to the Assigned Collaboration Products.

20. The right to enforce the obligations of GSK pursuant to Article 9 of the Collaboration Agreement with respect to orders, supply and returns relating to the Assigned Collaboration Products.

21. The right to enforce the obligations of GSK pursuant to Article 10 of the Collaboration Agreement to the extent applicable to the Assigned Collaboration Products, and the obligation to comply with the confidentiality and use restrictions applicable to Confidential Information in Section 10.1 of the Collaboration Agreement (including Section 10.5 thereof) to the extent relating to Confidential Information received by TRC LLC, subject to the permitted disclosure and use restriction set forth in Section 10.2 of the Collaboration Agreement.

22. The obligation to comply with the restrictions on publications and public announcements in Sections 10.3 and 10.4 of the Collaboration Agreement, respectively, to the extent relating to Confidential Information received by TRC LLC.

23. The obligation to comply with Section 11.4 of the Collaboration Agreement and the right to enforce the obligations of GSK pursuant to Section 11.4 of the Collaboration Agreement, in each case to the extent applicable to the rights and obligations under the Collaboration Agreement assigned to TRC LLC relating to the Assigned Collaboration Products, including the rights and benefits specified on this Exhibit B.

24. The right to be indemnified by GSK pursuant to Section 12.1 of the Collaboration Agreement, subject to the limitations and conditions contained therein, relating to the rights and benefits assigned to it relating to the Assigned Collaboration Products, including the rights and benefits specified on this Exhibit B.

25. The obligation to indemnify GSK and others pursuant to Section 12.2 of the Collaboration Agreement, subject to the limitations and conditions contained therein, for Losses relating to the Liabilities assumed by TRC LLC.

26. The obligations pursuant to Section 13.1.1 of the Collaboration Agreement to prosecute and maintain Theravance Patents and related applications to the extent they primarily relate to the Assigned Collaboration Products and the right to enforce GSK's obligations to pay out-of-pocket costs and expenses pursuant to such section.

27. The right to enforce the obligations of GSK, and perform the obligations of Theravance, pursuant to Section 13.1.2 of the Collaboration Agreement to prosecute and maintain Patents covering Joint Inventions, to the extent primarily related to Assigned Collaboration Products.

28. The right to enforce the obligations of GSK pursuant to Section 13.1.3 of the Collaboration Agreement to prosecute and maintain GSK Patents and related applications to the extent primarily related to an Assigned Collaboration Product.

29. The right to (i) exercise the step-in rights pursuant to Section 13.1.5 of the Collaboration Agreement, to the extent such GSK Patents or claims primarily relate to an Assigned Collaboration Product, and (ii) require GSK to perform, and the obligation to perform,

the rights and obligations of the Parties set forth in Sections 13.1.6 and 13.1.7, to the extent they relate to the Assigned Collaboration Products.

30. The obligation to assist and cooperate, and the right to require GSK to assist or cooperate, with respect to Patent Infringement Claims pursuant to Section 13.2.1 of the Collaboration Agreement to the extent such claims primarily relate to an Assigned Collaboration Product.

31. The rights to defend the infringement of a Theravance Patents pursuant to Section 13.2.2 of the Collaboration Agreement to the extent primarily related to an Assigned Collaboration Product.

32. The right to join GSK as a party-plaintiff in an infringement action pursuant to Section 13.2.3 of the Collaboration Agreement to the extent that such action primarily relates to an Assigned Collaboration Product.

33. The right to receive, and the obligation to give, a Hatch-Waxman Certification under Section 13.3 of the Collaboration Agreement to the extent the GSK Patent or Theravance Patent which is the subject of such notice primarily relates to an Assigned Collaboration Product.

34. The right to receive and the obligation to give assistance pursuant to Section 13.4 of the Collaboration Agreement with respect to a legal action covered by Article 13 of the Collaboration Agreement to the extent such legal action primarily relates to an Assigned Collaboration Product.

35. The right and obligation to give written consent with respect to a suit pursuant to Section 13.5 of the Collaboration Agreement to the extent such suit primarily relates to an Assigned Collaboration Product.

36. The right to terminate the Collaboration Agreement pursuant to Section 14.2 of the Collaboration Agreement if GSK materially breaches or defaults in the performance of any obligations under the Collaboration Agreement, subject to the cure rights specified therein, if such breach or default relates to an Assigned Collaboration Product; *provided* that such right may only be exercised with the consent of each of Theravance and the Issuer (so long as it retains a portion of the Collaboration Agreement) and all assignees to which portions of the Collaboration Agreement have been assigned; and *provided, further*, that such condition on the right to terminate will not limit any other available rights or remedies.

37. The right to dispute GSK's termination of a Terminated Development Collaboration Product pursuant to Section 14.3 of the Collaboration Agreement, if such product is an Assigned Collaboration Product.

38. The right to dispute GSK's termination of a Terminated Commercialized Collaboration Product pursuant to Section 14.4 of the Collaboration Agreement, if such product is an Assigned Collaboration Product.

39. Upon termination of the Collaboration Agreement to which Section 14.6.1(a) of the Collaboration Agreement applies, the obligation to transfer data and materials related to

specified Collaboration Products to the extent such products are Assigned Collaboration Products.

40. Upon termination of the Collaboration Agreement to which Section 14.6.1(b) of the Collaboration Agreement applies, the right to receive (i) data and materials related to Theravance Compounds, (ii) regulatory filings, (iii) access rights, and (iv) rights to bring an action against GSK, in each case to the extent such compounds are Assigned Collaboration Products.

41. Upon termination of the Collaboration Agreement to which Section 14.6.2 of the Collaboration Agreement applies, if the Collaboration Product terminated after initiation of the first Phase III Study with respect to such product is an Assigned Collaboration Product, the rights set forth in Sections 14.6.2(a) through (d) thereof, subject to Section 14.6.2(e) thereof.

42. Upon termination of the Collaboration Agreement to which Section 14.6.3 of the Collaboration Agreement applies, if the Terminated Commercialized Collaboration Product is an Assigned Collaboration Product, the rights set forth in Sections 14.6.3(a) through (d) and (f) thereof, subject to Sections 14.6.3(e) thereof.

43. Upon termination of the Collaboration Agreement to which Section 14.6.4 of the Collaboration Agreement applies, the right receive the (i) materials, (ii) regulatory filings, (iii) license filings and (iv) stock, as specified therein, and the right to limit further Development work by GSK, as specified therein, in each case to the extent such rights relate to an Assigned Collaboration Product.

44. The right to receive royalties payable by GSK pursuant to Section 14.9, and the obligation to pay royalties to GSK after termination of the Collaboration Agreement pursuant to Section 14.9 thereof to the extent that the product giving rise to such payment obligation is developed and commercialized by TRC LLC.

Capitalized terms used and not otherwise defined in this Exhibit shall have the meaning given them in the Collaboration Agreement (the "Collaboration Agreement"), dated November 14, 2002, between Theravance, Inc., a Delaware corporation ("Theravance") and Glaxo Group Limited, a private company limited by shares registered under the laws of England and Wales ("GSK"), as amended.

The following terms as used herein shall have the following meanings:

"Action" shall mean any demand, action, cause of action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Entity or any arbitration or mediation tribunal.

"Agreement" shall mean the limited liability company agreement of TRC LLC, to be dated on or about the Distribution Date, entered into by Theravance, as a member, Theravance Biopharma, Inc., a Cayman Islands exempted company, as a member, Theravance, as manager, and TRC LLC.

"Ancillary Agreements" shall mean all of the contracts, obligations, indentures, agreements, leases, purchase orders, commitments, permits, licenses, notes, bonds, mortgages, arrangements or undertakings (whether written or oral and whether express or implied) that are legally binding on either Theravance or Theravance Biopharma or any part of their property under applicable Law entered into in connection with the transactions contemplated hereby, including the Transition Services Agreement, Employee Matters Agreement, Tax Sharing and Indemnification Agreement, and Sublease Agreement, to be delivered by Theravance Biopharma and Theravance in connection with the Separation.

"ANORO™" shall mean the Collaboration Product consisting of (a) the combination medicine comprising UMEC with VI, with no other therapeutically active component, and explicitly excluding either component as a monotherapy, and which is proposed, as of the date hereof, to be sold under the brand name "ANORO™ ELLIPTA™", and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate

delivery systems and formulations, in each case, with respect to only such combination medicine set forth in clause (a) comprising UMEC with VI, with no other therapeutically active component (and explicitly excluding either component as a monotherapy).

"Assigned Assets" shall mean:

(a) All of Theravance's rights, title and interest in and to the patents and patent applications related to Excluded Products other than the Retained Products, and any patents of addition, re-examinations, reissues, extensions, granted supplementary protection certifications, substitutions, confirmations, registrations, revalidations, revisions, additions and the like, of or to said patents and any and all divisionals, continuations and continuations-in-part, and any patents issuing therefrom, as well as any patent applications related thereto and all Actions against past, present, and future infringement, misappropriation, or other violation of the foregoing.

(b) All of Theravance's rights, title and interest in and to the Trademarks related to Excluded Products other than the Retained Products, together with (i) all common law rights to such Trademarks, (ii) the goodwill of the LLC Business symbolized by such Trademarks, (iii) all Actions for, or arising from any infringement, dilution, unfair competition, or other violation, including past infringement, dilution, unfair competition, or other violation, of such Trademarks, and (iv) all rights corresponding thereto throughout the world.

(c) All of Theravance's rights, title and interest in and to the domain names related to Excluded Products other than the Retained Products and all Actions against past, present, and future infringement, misappropriation, or other violation of the foregoing.

(d) All U.S. and foreign copyrights and copyrightable subject matter related to the LLC Business (and not to the Theravance Business), whether registered or unregistered, published or unpublished, statutory or common law, including all related registrations, applications and common law rights, in any labels, product marketing materials or other copyrighted works related to the LLC Business and all Actions against past, present, and future infringement, misappropriation, or other violation of the foregoing.

(e) All of Theravance's rights, title and interest in and to any Intellectual Property, including trade secrets, not heretofore described in the definition of Assigned Assets that is reasonably likely to be used in the LLC Business (and not in the Theravance Business) and that Theravance in its sole discretion determines to assign to TRC LLC.

(f) With respect to the Assigned Products, all (i) regulatory filings and approvals, registrations and governmental authorizations, (ii) each NDA, (iii) each IND or equivalent, (iv) all compliance notices, licenses and permits, (v) all applications to the FDA or the comparable foreign law or bodies in effect or pending at the Effective Time, and (vi) all materials and information relating to the FDA and other Governmental Approvals for the LLC Business, and all information contained therein (collectively, the "Registrations").

(g) All Books and Records.

(h) All pre-clinical and clinical data related to the LLC Business (and not to the Theravance Business) and which is contained in Theravance's databases or otherwise in Theravance's possession or control.

(i) All of Theravance's rights, title and interest in and to the Clinical Trial Materials to the extent not related to the Theravance Business.

(j) All of Theravance's rights, title and interest in and to the Clinical Trial Study Reports to the extent not related to the Theravance Business.

(k) All of Theravance's rights, title and interest in and to any and all other assets that primarily relate to the Assigned Drug Programs or Assigned Products (and not to the Theravance Business) or that otherwise are expressly contemplated by the Agreement to be transferred by Theravance to TRC LLC.

"Assigned Collaboration Product" shall mean each Collaboration Product and any other compound that has been, is currently or may in the future be developed or commercialized under the Collaboration Agreement other than Retained Products.

"Assigned Drug Programs" shall mean (i) the rights and obligations of Theravance under the GSK Agreements relating to the Assigned Products, (ii) the Liabilities of Theravance under the GSK Agreements relating to the Assigned Products and (iii) the Assigned Assets and Assumed Liabilities.

"Assigned Products" shall mean, individually and collectively, each Assigned Collaboration Product and each Assigned Strategic Alliance Product.

"Assigned Strategic Alliance Product" shall mean each Alliance Product (as defined in the Strategic Alliance Agreement) and any other compound that has been, is currently or may in the future be developed or commercialized under the Strategic Alliance Agreement (it being understood, for the avoidance of doubt, that the Retained Products are not Assigned Strategic Alliance Products).

"Assumption" shall mean, at the Contribution Time, TRC LLC's acceptance, assumption, or, as applicable, retention of (A) all Liabilities under the Strategic Alliance Agreement, (B) all of the Liabilities under the Collaboration Agreement relating to the Assigned Collaboration Products, including the Liabilities specified in this Exhibit B, and (C) the Assumed Liabilities.

"Assumed Liabilities" shall mean:

(a) All Liabilities under the Registrations arising after the Effective Time.

(b) All other Liabilities primarily arising out of the Assigned Drug Programs or Assigned Products or otherwise arising out of the conduct of Theravance's business solely to the extent relating to the conduct of the LLC Business or the Assigned Assets.

(c) Any and all other Liabilities that may be assumed by Theravance upon (i) the agreement between Theravance and the Issuer and (ii) delivery by the Issuer of a certificate to the Trustee (as defined in Annex A to the Sale and Contribution Agreement) under the Indenture (as defined in Annex A to the Sale and Contribution Agreement) to the effect that the Assumption of such Liabilities by Theravance does not have an adverse effect on the Retained Royalty Payments (as defined in Annex A to the Sale and Contribution Agreement).

"Books and Records" shall mean books and records of the business, operations and accounts of an Assigned Product or TRC LLC to the extent not related to the Theravance Business.

"BREO®/RELVAR®" shall mean (a) the combination medicine comprising FF and VI, with no other therapeutically active component, and explicitly excluding either component as a monotherapy, and which is proposed, as of the date hereof, to be sold under the brand name "BREO® ELLIPTA®" in the United States and "RELVAR® ELLIPTA®" in the European Union and Japan, and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate delivery systems and formulations, in each case, with respect only to such combination medicine set forth in clause (a) comprising FF and VI, with no other therapeutically active component (and explicitly excluding either component as a monotherapy).

"Clinical Trial" shall mean a pre-clinical or clinical trial related to the Assigned Products.

"Clinical Trial Materials" shall mean the Assigned Products and the placebo for each of these products for use in Clinical Trials, whether in bulk, formulated or finished form and whether in existence at the Effective Time.

"Clinical Trial Study Reports" shall mean all reports or summaries of all data, records and documents resulting from the Clinical Trials.

"Collaboration Amendment Agreement" shall mean the Theravance Collaboration Agreement Amendment dated March 3, 2014 that amends the Collaboration Agreement.

"Contract" shall mean any contract, obligation, indenture, agreement, lease, purchase order, commitment, permit, license, note, bond, mortgage, arrangement or undertaking (whether written or oral and whether express or implied) that is legally binding on any Person or any part of its property under applicable Law, but excluding the Separation and Distribution Agreement

and any Ancillary Agreement save as otherwise expressly provided in the Separation and Distribution Agreement or any Ancillary Agreement.

"Contribution Time" shall mean 11:59 p.m. Eastern Standard Time on the day which is two days before the Distribution Date (subject to the Distribution being effective on the Distribution Date).

"Distribution" shall mean Theravance's distribution to holders of shares of the common stock, $0.01 par value per share, of Theravance, on a pro rata basis, all of the issued and outstanding common shares, par value $0.00001 per share, of Theravance Biopharma.

"Distribution Date" shall mean the date on which the Distribution to the stockholders of Theravance is effective.

"Effective Time" shall mean 11:59 p.m. Eastern Time on the day immediately preceding the Distribution Date.

"Employee Matters Agreement" shall mean that certain Employee Matters Agreement, to be dated on or about the Distribution Date, by and between Theravance and Theravance Biopharma.

"Excluded Products" shall mean any products developed under the Collaboration Agreement and under the Strategic Alliance Agreement.

"FF" shall mean the inhaled corticosteroid known as fluticasone furorate or an ester, salt or other noncovalent derivative thereof.

"Governmental Approvals" shall mean any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Entity.

"Governmental Entity" shall mean any federal, state, local, foreign or international court government department, commission, board, bureau, agency, official or other regulatory, administrative or governmental entity.

"GSK Agreements" shall mean the Collaboration Agreement and the Strategic Alliance Agreement, individually or collectively.

"IND" shall mean an investigational new drug application, including any amendments and supplements thereto, and all reports, correspondence and other submissions related thereto.

"Intellectual Property" shall mean all intellectual property and industrial property rights of any kind or nature, including all United States and foreign (a) patents, patent applications, patent disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions and extensions thereof, (b) Trademarks and all goodwill associated therewith, (c) copyrights and copyrightable subject matter, whether statutory or common law, registered or unregistered and published or unpublished, (d) rights of publicity, (e) moral rights and rights of attribution and integrity, (f) rights in Software, (g) trade secrets and all other

confidential and proprietary information, know-how, inventions, improvements, processes, formulae, models and methodologies, (h) rights to domain names, (i) rights to personal information, (j) telephone numbers and internet protocol addresses, (k) applications and registrations for the foregoing, and (l) Actions against past, present, and future infringement, misappropriation, or other violation of the foregoing (and rights to bring such Actions).

"Law" shall mean any constitutional provision, law, statute, rule, regulation (including any stock exchange rule or regulation), ordinance, treaty, order, decree, license, permit, policy, guideline, consent, approval, certificate, judgment or decision of any governmental authority or any judgment, decree, injunction, writ, order or like action of any court or other judicial or quasi-judicial tribunal.

"Liabilities" shall mean any and all debts, liabilities, and obligations, whether accrued or fixed, known or unknown, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable of any kind or nature whatsoever, including those arising under any Law or Action, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any governmental entity, and those arising under any Contract or any fines, damages or equitable relief which may be imposed in connection with any of the foregoing and including all costs and expenses related thereto.

"LLC Business" shall mean exercising all of the rights and benefits and performing and discharging all of the liabilities and obligations under (i) the Strategic Alliance Agreement and (ii) the Collaboration Agreement relating to the Assigned Collaboration Products.

"NDA" shall mean a new drug application, including any amendments or supplements thereto, and all reports, correspondence and other submissions related thereto.

"ParentCo Business" shall mean the pharmaceutical royalty management business of Theravance, other than the SpinCo Business, as conducted or proposed to be conducted by Theravance prior to or as of the Effective Time. For the avoidance of doubt, the ParentCo Business includes the management of Theravance's rights to receive payments under the Collaboration Agreement and Strategic Alliance Agreement with respect to the Excluded Products, including as a result of ownership of the TRC Class A Units and TRC Class C Units, rights to receive distributions from TRC with respect to the TRC Class A Units and TRC Class C Units, and other assets, Contracts and Liabilities related the foregoing.

"Person" shall mean any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership, or other organization or entity, whether incorporated or unincorporated, or any governmental entity.

"Products" shall mean, individually and collectively, telavancin and all of the products under development, regardless of the state of development, by Theravance, other than the Excluded Products.

"Registrations" has the meaning set forth in the definition of "Assigned Assets."

"Retained Product" means each of ANORO™, BREO®/RELVAR® and VI Monotherapy.

"Separation" shall mean the separation of the ParentCo Business and the SpinCo Business into Theravance and Theravance Biopharma, respectively, by means of the transfer/assumption of certain assets and liabilities from Theravance to Theravance Biopharma or any of the SpinCo Subsidiaries.

"Separation and Distribution Agreement" shall mean the Separation and Distribution Agreement between Theravance and Theravance Biopharma, to be dated on or about the Distribution Date.

"Software" shall mean all computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, and technology supporting the foregoing, and all documentation, including flowcharts and other logic and design diagrams, technical, functional and other specifications, and user manuals and training materials related to any of the foregoing.

"SpinCo Business" shall mean the business of Theravance related to (i) the discovery, development and commercialization of medicines and technologies related thereto, including the Products (but excluding the Excluded Products), as conducted or proposed to be conducted by Theravance prior to or as of the Effective Time and (ii) ownership of all of the TRC Class B Units and 6,375 TRC Class C Units.

"SpinCo Subsidiaries" shall mean Theravance Biopharma US, Inc., a Delaware corporation, Theravance Biopharma Antibiotics, Inc., a Cayman Islands exempted company, Theravance Biopharma R&D, Inc., a Cayman Islands exempted company, Theravance Biopharma R&D IP, LLC, a Delaware limited liability company, and Theravance Biopharma Antibiotics IP, LLC, a Delaware limited liability company.

"Strategic Alliance Agreement" shall mean that certain Strategic Alliance Agreement, dated as of March 30, 2004, by and between Theravance and GSK, including all amendments and supplements thereto (including the Theravance Strategic Alliance Agreement Amendment dated March 3, 2014.

"Sublease Agreement" shall mean that certain Sublease Agreement, to be dated on or about the Distribution Date, by and between Theravance and Theravance Biopharma.

"Tax Sharing and Indemnification Agreement" shall mean that certain Tax Sharing and Indemnification Agreement, to be dated on or about the Distribution Date, by and between Theravance and Theravance Biopharma.

"Theravance Biopharma" shall mean Theravance Biopharma, Inc., a Cayman Islands exempted company, its successors and/or permitted assigns.

"Theravance Business" shall mean any business within (i) the ParentCo Business (other than the portion thereof that is specific to the Assigned Products) or (ii) the SpinCo Business.

"Trademarks" shall mean all trademarks, service marks, trade names, names, slogans, taglines, logos, design marks, trade dress, product designs, and product packaging, including all applications for and registrations of the foregoing, and including those at common law.

"Transition Services Agreement" shall mean that certain Transition Services Agreement, to be dated on or about the Distribution Date, by and between Theravance and Theravance Biopharma.

"TRC Class A Units" shall mean the Class A membership units in TRC.

"TRC Class B Units" shall mean the Class B membership units in TRC.

"TRC Class C Units" shall mean the Class C membership units in TRC.

"TRC LLC" shall mean Theravance Respiratory Company, LLC, a Delaware limited liability company, its successors and/or permitted assigns.

"UMEC" shall mean the long-acting muscarinic antagonist umeclidinium bromide or an ester, salt or other non-covalent derivative thereof.

"VI" shall mean the long-acting beta$_2$ agonist vilanterol or an ester, salt or other noncovalent derivative thereof.

"VI Monotherapy" shall mean (a) VI, solely as a monotherapy (i.e., excluding VI in combination with any one or more other therapeutically active component(s)), and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate delivery systems, in each case, with respect to only VI solely as a monotherapy (i.e., excluding VI in combination with any one or more other therapeutically active component(s)).

EXHIBIT C

REGULATORY APPROVALS

As of February 1, 2014

	ANORO		BREO/RELVAR	
	Approved	**Launched**	**Approved**	**Launched**
US	ü		ü	ü
EU			ü	ü (UK, Germany, Denmark)
Japan			ü	ü
Canada	ü		ü	ü
Chile			ü	
Mexico			ü	
New Zealand			ü	
Switzerland			ü	ü

Exhibit 10.2

SERVICING AGREEMENT

dated as of April 17, 2014

between

LABA ROYALTY SUB LLC

and

THERAVANCE, INC.

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SERVICING AGREEMENT

This SERVICING AGREEMENT, dated as of April 17, 2014 (this "Servicing Agreement"), is entered into between LABA ROYALTY SUB LLC, a Delaware limited liability company, as the issuer (the "Issuer"), and Theravance, Inc., a Delaware corporation, as the servicer (together with its permitted successors and assigns in such capacity, the "Servicer").

W I T N E S S E T H

WHEREAS, the Issuer is a party to the Sale and Contribution Agreement, dated as of the Closing Date, entered into between Theravance, as the transferor (in such capacity, the "Transferor"), and the Issuer, as the transferee (in such capacity, the "Transferee"), pursuant to which the Transferor has sold and contributed to the Transferee all of the Transferor's right, title and interest in, to and under the Counterparty Agreement and all of the Transferor's rights and obligations thereunder other than the Excluded Rights and Obligations; provided, that the Sale and Contribution Agreement will provide for the Transferor to continue to receive all of the amounts paid by the Counterparty pursuant to the Counterparty Agreement other than the Retained Royalty Payments subject to the agreement of the Transferor to continue to perform all of the obligations due to the Counterparty under the Counterparty Agreement other than the Retained Obligation as further set forth in the Sale and Contribution Agreement; and

WHEREAS, the Issuer desires that Theravance act as the Servicer and monitor, manage and administer, on behalf of the Issuer, the Issuer's rights and obligations under the Counterparty Agreement and the collection of all of the amounts paid to the Issuer by the Counterparty pursuant to the Counterparty Agreement, on the terms and conditions set forth in this Servicing Agreement; and Theravance desires to perform such duties subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I
RULES OF CONSTRUCTION AND DEFINED TERMS

Section 1.1 Defined Terms and Rules of Construction. Capitalized terms used but not otherwise defined in this Servicing Agreement shall have the respective meanings given to such terms in Annex A attached hereto, which is hereby incorporated by reference herein. The rules of construction set forth in Annex A attached hereto shall apply to this Servicing Agreement and are hereby incorporated by reference herein.

ARTICLE II
SERVICING FEES AND EXPENSES

Section 2.1 Servicing Fee. The fee to be paid for the Servicer's performance of the services to be performed under this Servicing Agreement ("Servicing Fee") is equal to $25,000 per calendar quarter, payable out of the Available Collections Amount in accordance

with the terms of the Indenture, which the Servicer and the Issuer agree is fair consideration for the services to be performed under this Servicing Agreement as agreed at arm's length by the Servicer and the Issuer. On each Payment Date, pursuant to Section 3.6 of the Indenture, the Issuer shall pay to the Servicer the Servicing Fee for the performance by the Servicer of the services to be performed under this Servicing Agreement; provided, that any Servicing Fee payable on any Payment Date following less than a full quarter shall be payable on a *pro rata* basis.

Section 2.2 Servicer Expenses. On each Payment Date, the Issuer shall, in addition to the payment of the Servicing Fee pursuant to Section 2.1, reimburse the Servicer for any reasonable and documented out-of-pocket costs and expenses that are incurred by the Servicer in the performance of its servicing obligations, which shall constitute Administrative Expenses under the Transaction Documents and shall be paid to the Servicer or third parties pursuant to Section 3.6 of the Indenture following presentation by the Servicer to the Calculation Agent (with copies to the Trustee) of documentation supporting the incurrence and amount of such expenses.

ARTICLE III
SERVICING

Section 3.1 Designation and Duties of Servicer; Issuer as Replacement Servicer.

(a) The Issuer hereby designates Theravance as initial Servicer, and Theravance hereby agrees to perform the duties and obligations of the Servicer on the terms and conditions of this Servicing Agreement.

(b) The Issuer hereby appoints the Servicer, from time to time designated pursuant to this Section 3.1, as agent to monitor, manage and administer on behalf of the Issuer the Issuer's rights and obligations under the Counterparty Agreement and the collection of all of the amounts paid to the Issuer by the Counterparty pursuant to the Counterparty Agreement, including the collection of the Collaboration Payments, the enforcement of the Issuer's rights and interests in the Issuer's rights and obligations under the Counterparty Agreement, and the exercise of the authority granted by the Issuer to the Servicer pursuant to Section 3.2.

(c) The Issuer (for so long as the Notes are Outstanding, only with the consent of the Trustee, who shall consent only upon the Direction of the Controlling Party) or the Trustee (who shall act only upon the Direction of the Controlling Party) shall, at any time upon the occurrence of a Servicer Termination Event, designate the Issuer as replacement Servicer and the Issuer shall assume the role of Servicer; provided, that the Issuer shall be permitted to hire employees, including employees of the initial Servicer to perform the duties and obligations of the Servicer in accordance with this Servicing Agreement. A "Servicer Termination Event" shall mean any one of the following events:

(i) Theravance resigns as Servicer in accordance with the terms of this Servicing Agreement;

(ii) the Servicer fails to pay any amount when due under this Servicing Agreement and such failure continues unremedied for five Business Days;

(iii) the Servicer fails to deliver the Distribution Report and the other required accompanying materials with respect to any Payment Date in accordance with the provisions of this Servicing Agreement within five Business Days of the date such Distribution Report and the other required accompanying materials are required to be delivered under this Servicing Agreement; provided, however, that the Servicer shall have received in a timely manner any Calculation Report (unless the failure to receive such Calculation Report was due to the breach by the Servicer of Section 3.1(f)(v));

(iv) the Servicer fails to carry out its obligations under Section 3.1(f)(ii) that shall have or reasonably be expected to have a material adverse effect on the Noteholders;

(v) the Servicer fails to carry out its obligations under Section 3.1(f)(iv), Section 3.1(f)(vii) or Section 3.1(f)(viii);

(vi) the Servicer fails to observe or perform in any material respect any of the covenants or agreements on the part of the Servicer contained in this Servicing Agreement (other than for which provision is made in clauses (i) through (v) above) and such failure continues unremedied for a period of thirty (30) days after the date on which written notice of such failure requiring the same to be remedied shall have been given to the Servicer by the Trustee, and such failure continues to materially adversely affect the Noteholders for such period;

(vii) (A) an admission in writing by the Servicer of its inability to pay its debts generally or a general assignment by the Servicer for the benefit of creditors, (B) the filing of any petition or answer by the Servicer seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of the Servicer or its debts under any Applicable Law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar Applicable Law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for the Servicer or for any substantial part of its property, or (C) corporate or other action taken by the Servicer to authorize any of the actions set forth in clause (A) or clause (B) above;

(viii) without the consent or acquiescence of the Servicer, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar Applicable Law, or the filing of any such petition against the Servicer, or, without the consent or acquiescence of the Servicer, the entering of an order appointing a trustee, custodian, receiver or liquidator of the Servicer or of all or any substantial part of the

property of the Servicer, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof;

(ix) the Servicer's business activities are terminated by any Governmental Authority;

(x) a material adverse change occurs in the financial condition or operations of the Servicer that is a Material Adverse Change with respect to the ability of the Servicer to perform its obligations under this Servicing Agreement;

(xi) an Event of Default has occurred, other than an Event of Default solely caused by the Trustee, the Calculation Agent, the Paying Agent, the Transfer Agent or the Registrar failing to perform any of its respective obligations under any Transaction Document; or

(xii) so long as Theravance is the Servicer, any of the Capital Securities in the Issuer ceases to be owned by Theravance or one of Theravance's "Affiliates" (as defined for this purpose in the Counterparty Agreement); provided, that it shall not be a Servicer Termination Event if any of the Capital Securities in the Issuer is owned by (a) a Person who succeeds to all or substantially all of the assets of Theravance whether by merger, sale of stock, sale of assets or other similar transaction or (b) any other Person with the prior written consent of the Counterparty.

(d) If the Issuer is designated as the replacement Servicer, Theravance shall deliver to the Issuer, and Theravance shall segregate and hold in trust for the Issuer, all records that evidence or relate to the servicing of the Issuer's rights and obligations under the Counterparty Agreement. Theravance shall indemnify the Issuer for the reasonable fees incurred in connection with the performance of the services specified in this Servicing Agreement, in each case solely to the extent in excess of the Servicing Fee.

(e) On and after the Closing Date, the Servicer shall perform the following cash management duties:

(i) establish, maintain and administer, in the name and on behalf of the Issuer, the Concentration Account; provided, that the Concentration Account shall not be pledged by the Issuer as collateral for the Issuer's obligations under the Indenture;

(ii) direct the Counterparty to deposit all of the amounts that are payable to the Issuer pursuant to the Counterparty Agreement into the Concentration Account;

(iii) establish and maintain in the name and on behalf of the Issuer with the Trustee pursuant to Section 3.1 of the Indenture, subject to the Liens established under the Indenture, (i) the Collection Account and (ii) any additional accounts the establishment of which is set forth in a Resolution delivered by the Issuer to the Servicer and the Trustee, in each case at such time as is set forth in Section 3.1 of the

Indenture or in such Resolution; provided, that each Account shall be established and maintained as an Eligible Account so as to create, perfect and establish the priority of the Liens established

under the Indenture in such Account and all cash, Eligible Investments and other property from time to time deposited therein and otherwise to effectuate the Liens under the Indenture;

(iv) establish and maintain in the name and on behalf of the Issuer a segregated account designated as the "milestone payment reserve account" (the "Milestone Payment Reserve Account") for the payment when due of 40% of the remaining amounts payable to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement, which are allocated to the Issuer pursuant to the Sale and Contribution Agreement on and after the Closing Date;

(v) on or prior to each Calculation Date, determine the aggregate amount of the funds deposited to the Concentration Account since the immediately preceding Calculation Date (or, with respect to the first Calculation Date following the Closing Date, since the Closing Date) that are Retained Royalty Payments and withdraw the funds on deposit in the Concentration Account for application in the following manner on or prior to such Calculation Date:

(A) an amount equal to the Retained Royalty Payments shall be withdrawn from the Concentration Account for deposit to the Collection Account on or prior to such Calculation Date for application in the manner provided in the Indenture; and

(B) all of the remaining amounts deposited into the Concentration Account, including the Royalty Payments that do not constitute Retained Royalty Payments and 100% of the amounts paid by the Counterparty in connection with all existing drug products other than the Products and any additional drug products or product candidates that arise under the Counterparty Agreement following the Closing Date, shall be withdrawn from the Concentration Account for payment to or at the direction of Theravance and Theravance's direct and indirect assignees on or prior to such Calculation Date;

(vi) on the Closing Date, identify the amounts deposited to the Milestone Payment Reserve Account and after the Closing Date, manage the amounts payable to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement in the following manner:

(A) invest the amounts on deposit in or otherwise credited to the Milestone Payment Reserve Account in Eligible Investments pending application in the manner set forth in this Section 3.1(e)(vi);

(B) apply the amounts deposited to the Milestone Payment Reserve Account to pay 40% of the amounts that are payable to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement within thirty (30) days following the date on which the Issuer (or the Transferor) receives written notice from the Counterparty that such amounts are due or within such shorter notice

period within which such amounts become due under the Counterparty Agreement;

(C) release to or at the Direction of the Issuer any amounts on deposit in the Milestone Payment Reserve Account in excess of the remaining amount of the amounts that the Servicer determines shall be payable to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement (which may include for payment to Theravance or deposit to the Collection Account for application to pay principal of the Notes in accordance with the Priority of Payments on the next Payment Date); and

(D) for the avoidance of doubt, the Milestone Payment Reserve Account shall not be pledged by the Issuer as collateral for the Issuer's obligations under the Indenture;

(vii) if at any time any Collaboration Payment is deposited into any account under the control of the Servicer other than the Concentration Account, the Servicer shall withdraw such funds within two (2) Business Days and deposit them into the Concentration Account; and

(viii) if at any time any amount is deposited into the Collection Account in error, the Servicer shall withdraw such funds within two (2) Business Days.

(f) The Servicer shall monitor, manage and administer on behalf of the Issuer the Issuer's rights and obligations under the Indenture, including:

(i) prepare the Distribution Reports described in Section 2.13(a) of the Indenture as and when required by the Indenture and the analysis of Collection Account activity described in Section 2.13(b) of the Indenture, using the Calculation Report provided by the Calculation Agent pursuant to Section 3.4 of the Indenture, and, not later than 3:00 p.m., New York City time, on the Business Day immediately preceding each Payment Date, make copies of such Distribution Reports and analysis available to the Issuer and to the Trustee (by electronic mail or through a secure password-protected website) for distribution only to Noteholders and Beneficial Holders that have executed and delivered to the Registrar a Confidentiality Agreement that includes the certification that they are not Restricted Parties; provided, however, that the Servicer's obligations under this Section 3.1(f)(i) shall be subject to the condition precedent that the Servicer shall have received in a timely manner such Calculation Report (unless the failure to receive such Calculation Report was due to the breach by the Servicer of Section 3.1(f)(v));

(ii) accept all reports, Notices, requests, demands, certificates, financial statements or other instruments, information and other materials provided to the Servicer pursuant to Section 5.3 of the Indenture and, subject to applicable confidentiality obligations, to the extent not otherwise provided by the Issuer, provide to the Trustee summaries and/or copies of such reports, Notices, requests, demands, certificates,

financial statements or other instruments, information and other materials for inclusion with the Distribution Reports;

(iii) provide the investment directions to the Trustee contemplated by Section 3.2 of the Indenture and advise the Trustee in writing of any depositary institution or trust company described in the proviso to the definition of Eligible Investments;

(iv) as soon as available but no later than June 30 of each calendar year, commencing in 2015, deliver to the Trustee a report of a registered public accounting firm addressed to the board of directors of the Servicer, providing its assessment of the Servicer's compliance with its obligation under this Servicing Agreement to deposit the Retained Royalty Payments into the Collection Account for application in the manner provided in the Indenture during the preceding fiscal year, including disclosure of any material instance of non-compliance with such obligation; provided, that it is understood and agreed that such registered public accounting firm shall not have access to, and such report may not include, any Confidential Information;

(v) provide the Calculation Agent with the amount on deposit in the Collection Account on each Calculation Date and the calculation of the amount of Taxes owed by the Issuer, if any, to be made on any Payment Date (or any other date), together with supporting documentation used in determining such Taxes owed by the Issuer, as applicable;

(vi) on behalf of the Issuer, in accordance with Section 5.2(v) of the Indenture, during any period in which the Issuer or Theravance is not subject to Section 13 or 15(d) of the Exchange Act, make available to any Noteholder or Beneficial Holder in connection with any sale of any or all of its Notes and any prospective purchaser of such Notes from such Noteholder or Beneficial Holder the information required by Rule 144A(d)(4) under the Securities Act, to the extent in the possession of the Servicer; provided, that such Noteholder, Beneficial Holder or prospective purchaser, as applicable, has executed a Confidentiality Agreement that includes a certification that such Noteholder, Beneficial Holder or prospective purchaser, as applicable, is not a Restricted Party;

(vii) upon receipt of a Confidentiality Agreement from the Registrar pursuant to Section 2.11(k) of the Indenture that includes the certification that they are not Restricted Parties, promptly (but in no event later than three (3) Business Days thereafter) send to the proposed transferee named therein a copy of the Memorandum (including any supplement thereto) and any other private placement memoranda used in respect of any issuance of Subordinated Notes or Refinancing Notes, which shall not be updated, on behalf of the potential selling Noteholder;

(viii) subject to applicable confidentiality obligations, upon written request, furnish to each requesting Beneficial Holder that has executed and delivered to the Registrar a Confidentiality Agreement that includes the certification that it is not a Restricted Party, at the cost and expense of such requesting Beneficial Holder, promptly

upon receipt thereof, duplicates or copies of all reports, Notices, requests, demands, certificates, financial statements and other instruments furnished to the Servicer under this Servicing Agreement;

(ix) exercise the Issuer's rights and perform the Issuer's obligations (other than payment obligations) under the other Transaction Documents; and

(x) take such other actions as shall be reasonably necessary or appropriate to perform the foregoing duties.

(g) The Servicer shall monitor, manage and administer on behalf of the Issuer the Issuer's rights and obligations under the Counterparty Agreement.

(h) The Servicer shall monitor, manage and administer on behalf of the Issuer the Issuer's rights and obligations relating to the transactions contemplated by any Transaction Document, the Transferred Assets or the Counterparty Agreement, including:

(i) subject to applicable confidentiality obligations, promptly (but in no event more than five (5) Business Days) after receipt by the Servicer of notice of any action, suit, claim, demand, dispute, investigation, arbitration or other proceeding (commenced or threatened) relating to the transactions contemplated by any Transaction Document, the Transferred Assets or the Counterparty Agreement or any default or termination by the Counterparty under the Counterparty Agreement, the Servicer shall (i) inform the Issuer in writing of the receipt of such notice and the substance thereof and (ii) if such notice is in writing, furnish the Issuer with a copy of such notice and any related materials with respect thereto;

(ii) the Servicer shall keep and maintain, or cause to be kept and maintained, at all times full and accurate books and records adequate to reflect accurately all financial information it has received, and all amounts paid or received under the Counterparty Agreement, with respect to the Collaboration Payments;

(iii) subject to applicable confidentiality obligations, promptly (but in no event more than five (5) Business Days) following receipt by the Servicer of any written notice, certificate, offer, proposal, correspondence, report or other communication relating to the Counterparty Agreement, the Collaboration Payments or the Transferred Assets, the Servicer shall (A) inform the Issuer in writing of such receipt and (B) furnish the Issuer with a copy of such notice, certificate, offer, proposal, correspondence, report or other communication;

(iv) the Servicer shall provide the Issuer with written notice as promptly as practicable (and in any event within five (5) Business Days) after becoming aware of any of the following: (A) the occurrence of a bankruptcy event in respect of the Servicer; (B) subject to applicable confidentiality obligations, any breach or default by the Servicer of or under any covenant, agreement or other provision of any Transaction Document to which it is party; (C) subject to applicable confidentiality obligations, any representation or warranty made by the Servicer in any of the Transaction Documents or in any certificate delivered to the Issuer pursuant to the Sale and Contribution Agreement

shall prove to be untrue or inaccurate in any material respect on the date as of which made; or (D) subject to applicable confidentiality obligations, any change, effect, event, occurrence, state of facts, development or condition that would be a Material Adverse Change; and

(v) subject to applicable confidentiality restrictions and Applicable Laws relating to securities matters, the Servicer shall make available such other information as the Issuer may, from time to time, reasonably request with respect to (A) the Transferred Assets or (B) the condition or operations, financial or otherwise, of the Servicer that is reasonably likely to impact or affect the performance of the Servicer's obligations hereunder or the Servicer's compliance with the terms, provisions and conditions of the Sale and Contribution Agreement.

(i) After the occurrence of any Servicer Termination Event, (i) if such event is capable of being cured, within thirty (30) days of failure to so cure or waive such event, or (ii) if such event is not capable of being cured, as soon as possible after (and in any event within five (5) Business Days of) the occurrence thereof, the Servicer shall furnish to the Trustee a statement of an officer of the Servicer setting forth the details of such Servicer Termination Event and the action that the Servicer has taken and proposes to take with respect thereto.

Section 3.2 Rights of Servicer.

(a) The Issuer hereby authorizes the Servicer or its designees to take any and all steps in the Issuer's name necessary or desirable, in its determination, to collect all amounts due under or in respect of any and all of the Transferred Assets, including endorsing the name of the Issuer on checks and other instruments representing Collaboration Payments and, to the extent that it is permitted and necessary to do so in the Issuer's name, enforcing the provisions of the Counterparty Agreement that concern payment and/or enforcement of rights to payment.

(b) The Issuer hereby grants to the Servicer an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of the Issuer all steps necessary or advisable to endorse, negotiate or otherwise realize on any instrument or writing or other right of any kind held or transmitted by the Issuer, or transmitted or received by the Issuer, in connection with any of the Transferred Assets.

Section 3.3 Responsibilities of Servicer. Anything herein to the contrary notwithstanding:

(a) the Servicer shall perform its obligations hereunder, and the exercise by the Issuer or its designee of its rights hereunder shall not relieve the Servicer from such obligations;

(b) the Servicer shall not have any obligation or liability to the Counterparty or any other Person other than the Issuer and, except as expressly provided for hereunder, with respect to any of the Issuer's rights and obligations under the Counterparty Agreement or any related agreements, nor shall the Servicer be obligated to perform any of the obligations of any of them thereunder;

(c) the Servicer agrees to be bound by the provisions of the Sale and Contribution Agreement to the extent it receives Confidential Information pursuant to this Servicing Agreement or any other Transaction Document;

(d) the Servicer shall perform its obligations under this Servicing Agreement in accordance with its reasonable and prudent servicing procedures for servicing assets comparable to the Issuer's rights and obligations under the Counterparty Agreement for its own account or for others and in any event with such care as a reasonably prudent servicer would use to service and administer the Issuer's rights and obligations under the Counterparty Agreement and not in violation of the Issuer's obligations under the Transaction Documents; provided, however, the Servicer shall not be obligated to use separate servicing procedures, offices, employees or accounts for servicing the Issuer's rights and obligations under the Counterparty Agreement from the procedures, offices, employees and accounts used by the Servicer in connection with servicing other assets comparable to the Issuer's rights and obligations under the Counterparty Agreement; and

(e) the Servicer and any member, director, officer, employee or agent of the Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by the appropriate Person respecting any matters arising under the Transaction Documents.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Servicer. The Servicer hereby represents and warrants to the Issuer as of the date hereof as follows:

(a) Organization. The Servicer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all power and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted and to exercise its rights and to perform its obligations under this Sale and Contribution Agreement. The Servicer is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(b) No Conflicts. None of the execution and delivery by the Servicer of any of the Transaction Documents to which the Servicer is party, the performance by the Servicer of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will: (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to or by which the Servicer or any of its assets or properties may be subject or bound, except where such violation would not have a Material Adverse Effect, (B) any

contract, agreement, indenture, lease, license, deed, binding obligation or instrument to which the Servicer is a party or by which the Servicer or any of its assets or properties is bound, except where such violation would not have a Material Adverse Effect or (C) any of the organizational documents of the Servicer; (ii) give rise to any additional right of termination, cancellation or acceleration of any right or obligation of the Servicer, except where such additional right of termination, cancellation or acceleration would not have a Material Adverse Effect; or (iii) except as provided in any of the Transaction Documents to which it is party, result in or require the creation or imposition of any Lien by the Servicer on any assets or properties of the Servicer and the Servicer's rights thereunder.

(c) Authorization. The Servicer has all power and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Servicer is party and the performance by the Servicer of its obligations hereunder and thereunder have been duly authorized by the Servicer. Each of the Transaction Documents to which the Servicer is party has been duly executed and delivered by the Servicer. Each of the Transaction Documents to which the Servicer is party constitutes the legal, valid and binding obligation of the Servicer, enforceable against the Servicer in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(d) Governmental and Third Party Authorizations. The execution and delivery by the Servicer of the Transaction Documents to which the Servicer is party, the performance by the Servicer of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority, except for the filing of a Current Report on Form 8-K with the SEC, the filing of UCC financing statements and those previously obtained.

(e) Investment Company Status. Assuming the accuracy of the representations and warranties of the initial purchasers of the Original Notes in the Purchase Agreements and compliance by the initial purchasers of the Original Notes and any subsequent purchaser of the Original Notes with the requirements set forth under the section of the Memorandum captioned "Transfer Restrictions", the Servicer is not, and, after giving effect to the use of proceeds as contemplated by the Memorandum, would not be, required to register as an investment company under the Investment Company Act.

(f) No Litigation. There is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena, other proceeding or, to the knowledge of the Servicer, investigation pending or, to the knowledge of the Servicer, threatened that challenges or seeks to prevent or delay the consummation of the transactions contemplated by the Transaction Documents to which the Servicer is party.

Section 4.2 Representations and Warranties of Issuer. The Issuer hereby represents and warrants to the Servicer as of the date hereof as follows:

(a) Organization. The Issuer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has all power and authority, and all licenses, permits, franchises, authorizations, consents and approvals of all Governmental Authorities, required to own its property and conduct its business as now conducted and to exercise its rights and to perform its obligations under the Counterparty Agreement. The Issuer is duly qualified to transact business and is in good standing in every jurisdiction in which such qualification or good standing is required by Applicable Law (except where the failure to be so qualified or in good standing would not have a Material Adverse Effect).

(b) No Conflicts. None of the execution and delivery by the Issuer of any of the Transaction Documents to which the Issuer is party, the performance by the Issuer of the obligations contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby will (i) contravene, conflict with, result in a breach, violation, cancellation or termination of, constitute a default (with or without notice or lapse of time, or both) under, require prepayment under, give any Person the right to exercise any remedy or obtain any additional rights under, or accelerate the maturity or performance of or payment under, in any respect, (A) any Applicable Law or any judgment, order, writ, decree, permit or license of any Governmental Authority to or by which the Issuer or any of its assets or properties may be subject or bound, except where such violation would not have a Material Adverse Effect, (B) any contract, agreement, indenture, lease, license, deed, binding obligation or instrument to which the Issuer is a party or by which the Issuer or any of its assets or properties is bound, except where such violation would not have a Material Adverse Effect or (C) any of the organizational documents of the Issuer; or (ii) give rise to any additional right of termination, cancellation or acceleration of any right or obligation of the Issuer.

(c) Authorization. The Issuer has all power and authority to execute and deliver, and perform its obligations under, the Transaction Documents to which the Issuer is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of each of the Transaction Documents to which the Issuer is party and the performance by the Issuer of its obligations hereunder and thereunder have been duly authorized by the Issuer. Each of the Transaction Documents to which the Issuer is party has been duly executed and delivered by the Issuer. Each of the Transaction Documents to which the Issuer is party constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar Applicable Laws affecting creditors' rights generally, general equitable principles and principles of public policy.

(d) Governmental and Third Party Authorizations. The execution and delivery by the Issuer of the Transaction Documents to which the Issuer is party, the performance by the Issuer of its obligations hereunder and thereunder and the consummation of any of the transactions contemplated hereunder and thereunder do not require any consent, approval, license, order, authorization or declaration from, notice to, action or registration by or filing with any Governmental Authority, except for the filing of UCC financing statements and those previously obtained.

(e) No Litigation. There is no action, suit, arbitration proceeding, claim, demand, citation, summons, subpoena, other proceeding or, to the knowledge of the Issuer, investigation pending or, to the knowledge of the Issuer, threatened that challenges or seeks to prevent or delay the consummation of the transactions contemplated by the Transaction Documents.

ARTICLE V
INDEMNIFICATION

Section 5.1 Indemnification by Servicer. Without limiting any other rights that the Issuer may have hereunder or under Applicable Law, the Servicer hereby agrees to indemnify each Transferee Indemnified Party from and against any and all Losses (including attorneys' fees) awarded against or incurred by any of them arising out of or as a result of the failure of the Servicer to perform its obligations under this Servicing Agreement, excluding, however, (a) Losses to the extent resulting from bad faith, gross negligence or willful misconduct on the part of any Transferee Indemnified Party, (b) any Tax based upon or measured by net income or gross receipts, (c) normal and customary expenses incurred in the ordinary course of business in the administration of this Servicing Agreement, (d) where such failure of the Servicer results from the failure of any Person other than the Servicer to perform any of its obligations under any of the Transaction Documents or (e) Losses resulting from the Servicer's acts or omissions based upon written instructions from any other Person.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Notices. All Notices shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, (d) on the date transmitted by facsimile or other electronic transmission with a confirmation of receipt or (e) in the case of any report that is of a routine nature, on the date sent by first class mail or overnight courier or transmitted by facsimile or other electronic transmission, in all cases, with a copy emailed to the recipient at the applicable address, addressed to the recipient as follows:

if to the Issuer, to:

LABA Royalty Sub LLC
c/o Theravance, Inc.
901 Gateway Boulevard
South San Francisco, California 94080
Attention: Bradford J. Shafer
Facsimile: (650) 808-6095
Phone: (650) 808-6171
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David H. Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

if to the Servicer, to:

Theravance, Inc.
901 Gateway Boulevard
South San Francisco, California 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Phone: (650) 808-6171
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David H. Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Each party hereto may, by notice given in accordance herewith to the other party hereto, designate any further or different address to which subsequent Notices shall be sent.

Section 6.2 GOVERNING LAW. THIS SERVICING AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE RULES THEREOF RELATING TO CONFLICTS OF LAW OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 6.3 Waiver of Jury Trial. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SERVICING AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY HERETO WOULD NOT, IN THE**

EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SERVICING AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.3.

Section 6.4 Counterparts. This Servicing Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument. Any counterpart may be executed by facsimile or other electronic transmission, and such facsimile or other electronic transmission shall be deemed an original.

Section 6.5 Amendment.

(a) The provisions of this Servicing Agreement may from time to time be amended, modified, supplemented, restated or waived, if such amendment, modification, supplement, restatement or waiver is in writing and consented to by each of the parties hereto and, so long as the Notes are Outstanding, the Trustee; provided, that unless (i) the amendment or other modification is solely for purposes of correcting a technical error, inconsistency or ambiguity, conforming this Servicing Agreement to the Memorandum, adding to the covenants or agreements to be observed by the Issuer for the benefit of the Noteholders, complying with the requirements of the SEC or any other regulatory body or any Applicable Law or (ii) the amendment or the modification does not adversely affect the interests of the Noteholders in any material respect as confirmed in an Officer's Certificate of the Issuer, the Issuer shall provide at least ten (10) Business Days' prior written notice of the amendment or the modification to the Noteholders and the amendment or the modification shall not be effective if the Controlling Party notifies the Issuer within such ten (10) Business Day period that it would be materially adversely affected by the amendment or the modification and does not consent to the amendment or the modification; provided, further, that the consent of the Trustee or the Controlling Party shall not be required if such amendment or other modification only addresses the disposition of funds in the Concentration Account other than the Retained Royalty Payments as certified in an Officer's Certificate delivered by the Issuer to the Trustee on or prior to the execution and delivery of such amendment or other modification. The Noteholders shall be third party beneficiaries of this Servicing Agreement for purposes of this provision. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on either party hereto in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval hereunder shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

(b) No failure or delay on the part of the Issuer, the Servicer or any Person specified in Section 6.8 in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on

the Issuer or the Servicer in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Issuer under this Servicing Agreement shall, except as may otherwise be stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval under this Servicing Agreement shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

(c) The Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto and thereto with respect to the subject matter hereof and thereof and shall constitute the entire agreement among the parties hereto and thereto with respect to the subject matter hereof and thereof, superseding all prior oral or written understandings.

Section 6.6 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Servicing Agreement shall be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Servicing Agreement and shall in no way affect the validity or enforceability of the other covenants, agreements, provisions or terms of this Servicing Agreement.

Section 6.7 Binding Effect; Assignability; Survival. This Servicing Agreement shall be binding upon and inure to the benefit of the Issuer, the Servicer, the Trustee and their respective successors and permitted assigns. Neither the Servicer nor the Issuer may assign any of its rights hereunder or any interest herein without the prior written consent of the other party and, so long as the Notes are Outstanding, the Trustee, except as otherwise herein specifically provided; provided, however, that a Change of Control shall not by itself be deemed an assignment for purposes of this Section 6.7. This Servicing Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until, with respect to the various parties, terminated pursuant to Section 6.13. Section 5.1, Section 6.2, Section 6.9, Section 6.10, Section 6.11, Section 6.12 and Section 6.14 shall be continuing and shall survive any termination of this Servicing Agreement.

Section 6.8 Acknowledgement and Agreement. The Servicer expressly acknowledges and agrees that all of the Issuer's right, title and interest in, to and under this Servicing Agreement shall be pledged and assigned to the Trustee as collateral by the Issuer pursuant to the Indenture, and the Servicer consents to such pledge and assignment. Each of the parties hereto acknowledges and agrees that the Trustee, acting on behalf of the Noteholders, is a third party beneficiary of the rights of the Issuer arising hereunder that have been assigned and pledged to the Trustee under the Indenture, which rights may be enforced by the Trustee only so long as an Event of Default has occurred and is continuing and the Trustee is exercising remedies under the Indenture, in each case (if required thereunder) at the Direction of the Controlling Party. In all other cases, the Issuer shall have the right to give and

withhold consents and exercise or refrain from exercising rights and remedies hereunder. The Trustee and the Calculation Agent shall also be third party beneficiaries of this Servicing Agreement in order to permit such Persons to exercise such other rights as are granted to such Persons hereunder.

Section 6.9 Cumulative Remedies. The remedies herein provided are cumulative and not exclusive of any remedies provided by Applicable Law. Without limiting the

foregoing, the Servicer hereby authorizes the Issuer, at any time and from time to time, to the fullest extent permitted by Applicable Law, to offset any amounts payable by the Issuer to, or for the account of, the Servicer against any obligations of the Servicer to the Issuer arising in connection with the Transaction Documents (including amounts payable pursuant to Section 5.1) that are then due and payable.

Section 6.10 Costs and Expenses. In addition to the obligations of the Servicer under Article V, the Servicer agrees to pay to the Issuer on demand all reasonable costs and expenses incurred by the Issuer in connection with the enforcement of this Servicing Agreement against the Servicer, but not in connection with any enforcement against any other Person.

Section 6.11 No Proceedings. The Servicer hereby agrees that it shall not institute against the Issuer, or join any Person in instituting against the Issuer, any insolvency or similar proceeding (namely, any Involuntary Bankruptcy) until one year and one day after the date on which the Notes have been paid in full.

Section 6.12 Consent to Jurisdiction.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Servicing Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Servicing Agreement in any court referred to in Section 6.12(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the parties hereto irrevocably consents to service of process in the manner provided for notices in Section 6.1. Nothing in this Servicing Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law. Each of the parties hereto waives personal service of any summons, complaint or other process, which may be made by any other means permitted by New York law.

(d) If, for the purpose of obtaining a judgment or order in any court, it is necessary to convert a sum due hereunder from Dollars into another currency, each of the Issuer and the Servicer has agreed, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such party

could purchase Dollars with such other currency in the Borough of Manhattan, The City of New York on the Business Day preceding the day on which final judgment is given.

Section 6.13 Termination. Except as otherwise expressly provided herein, this Servicing Agreement shall terminate on the earlier of (a) with respect to the Servicer, the date of the earlier of (i) a Servicer Termination Event whereby such Servicer is replaced by the Issuer as replacement Servicer pursuant to the terms of this Servicing Agreement and (ii) written agreement of the Issuer to the resignation of the Servicer and written acceptance of a successor servicer of the obligations under this Servicing Agreement in accordance with the terms and conditions hereof and (b) with respect to this Servicing Agreement, the date on which the Notes have been repaid, redeemed, repurchased or defeased and the Indenture has been satisfied and discharged.

Section 6.14 Limited Recourse. The Servicer accepts that the enforceability against the Issuer of any obligations of the Issuer hereunder shall be limited to the Collateral. Once all such Collateral has been realized upon and such Collateral has been applied in accordance with Article III of the Indenture, any outstanding obligations of the Issuer to the Servicer hereunder shall be extinguished. The Servicer further agrees that it shall take no action against any employee, director, officer or administrator of the Issuer in relation to this Servicing Agreement; provided, that nothing herein shall limit the Issuer (or its permitted successors or assigns) from pursuing claims, if any, against any such Person; provided, further, that the foregoing shall not in any way limit, impair or otherwise affect any rights of the Servicer to proceed against any employee, director, officer or administrator of the Issuer (a) for intentional and willful fraud or intentional and willful misrepresentations on the part of or by such employee, director, officer or administrator or (b) for the receipt of any distributions or payments to which the Servicer or any successor in interest is entitled, other than distributions expressly permitted pursuant to the other Transaction Documents.

Section 6.15 Table of Contents and Headings. The Table of Contents and headings of the Articles and Sections of this Servicing Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Section 6.16 Distribution Reports. Each party hereto acknowledges and agrees that the Trustee may effect delivery of any Distribution Report (including the materials accompanying such Distribution Report) by making such Distribution Report and accompanying materials available by posting such Distribution Report and accompanying materials on IntraLinks or a substantially similar electronic transmission system; provided, however, that, upon written notice to the Trustee, any Noteholder may decline to receive such Distribution Report and accompanying materials via IntraLinks or a

substantially similar electronic transmission system, in which case such Distribution Report and accompanying materials shall be provided as otherwise set forth in the Transaction Documents. Subject to the conditions set forth in the proviso in the preceding sentence, nothing in this Section 6.16 shall prejudice the right of the Trustee to make such Distribution Report and accompanying materials available in any other manner specified in the Transaction Documents.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Servicing Agreement as of the day and year first written above.

LABA ROYALTY SUB LLC

By: /s/ Bradford J. Shafer
Name: Bradford J. Shafer
Title: Secretary

THERAVANCE, INC., as Servicer
By: /s/ Rick E Winningham
Name: Rick E Winningham
Title: Chairman and Chief Executive Officer

ACCOUNT CONTROL AGREEMENT

This Account Control Agreement (this "Agreement") dated as of April 17, 2014, is entered into by and among (i) LABA Royalty Sub LLC, a Delaware limited liability company, as the grantor (the "Grantor"), (ii) Theravance, Inc., a Delaware corporation, as the servicer (the "Servicer"), (iii) U.S. Bank National Association, a national banking association, as the secured party (the "Secured Party"), and (iv) U.S. Bank National Association in its additional capacities as a "securities intermediary" as defined in Section 8-102(a)(14) of the UCC and a "bank" as defined in Section 9-102(a)(8) of the UCC (in such capacities, the "Financial Institution"). The rules of construction set forth in Annex A to the Indenture, dated as of the date hereof, between LABA Royalty Sub LLC, as the Issuer, and U.S. Bank National Association, as the Trustee, shall apply to this Agreement and are hereby incorporated by reference into this Agreement as if set forth fully in this Agreement. Capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given to such terms in Annex A, which is hereby incorporated by reference herein. All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect, from time to time, in the State of New York.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

Section 1. Establishment of the Collateral Account. The Financial Institution hereby confirms and agrees that:

(a) **Description of Account.** The Financial Institution has established the Collection Account with account number 208719000. The Collection Account and any successor accounts, as such accounts may be renumbered or retitled, are referred to herein collectively as the "Collateral Account."

(b) **Account Modifications.** Neither the Financial Institution nor the Grantor shall change the name or account number of the Collateral Account without the prior written consent of the Secured Party.

(c) **Type of Account.** The Collateral Account is, and shall be maintained as, either (i) a "securities account" (as defined in Section 8-501(a) of the UCC) or (ii) a "deposit account" (as defined in Section 9-102(a)(29) of the UCC).

(d) **Securities Account Provisions.** If and to the extent the Collateral Account is a securities account (within the meaning of Section 8-501(a) of the UCC):

(i) all securities, financial assets or other property credited to the Collateral Account, other than cash, shall be registered in the name of the Financial Institution, indorsed to the Financial Institution or in blank or credited to another securities account maintained in the name of the Financial Institution. In no case shall any financial asset credited to the Collateral Account be registered in the name of the Grantor, payable to the order of the Grantor or specially indorsed to the Grantor unless the foregoing have been specially

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indorsed to the Financial Institution or in blank;

(ii) all financial assets delivered to the Financial Institution pursuant to the Indenture shall be promptly credited to the Collateral Account; and

(iii) the Financial Institution hereby agrees that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Collateral Account (to the extent that it constitutes a "securities account" (as defined in Section 8-501 of the UCC)) shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

Section 2. Secured Party Control.

(a) **Control for Purposes of UCC.** The Financial Institution shall comply with written instructions or orders originated by the Secured Party (i) directing disposition of funds in the Collateral Account or (ii) directing transfer or redemption of the financial assets relating to the Collateral Account, without further consent by the Grantor or any other Person.

(b) **Conflicting Orders or Instructions.** Notwithstanding anything to the contrary contained herein, if at any time the Financial Institution receives conflicting orders or instructions from the Secured Party and the Grantor, the Financial Institution shall be required to follow the orders or instructions of the Secured Party and not the Grantor.

(c) **Reliance by Financial Institution.** The Financial Institution shall be entitled to rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity or the service thereof. The Financial Institution may act in reliance upon any instrument or signature believed by it to be genuine and may assume that any Person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so.

Section 3. Governing Law.

(a) **Jurisdiction of Financial Institution.** Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be the jurisdiction of the Financial Institution in its capacity as bank for purposes of Sections 9-301, 9-304 and 9-307 of the UCC and the Financial Institution in its capacity as securities intermediary for purposes of Sections 9-301, 9-307, and 8-110(e) of the UCC.

(b) **Law Governing this Agreement and the Collateral Account.** This Agreement and the Collateral Account shall be governed by and construed in accordance with the laws of the State of New York including Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York, but otherwise without regard to conflicts of laws

principles.

Section 4. Waiver of Lien: Waiver of Set-off. For so long as this Agreement remains in effect, the Financial Institution subordinates all security interests, encumbrances, claims and rights of set-off it may have now or in the future against the Collateral Account, any financial asset credited thereto or any funds in the Collateral Account to the rights of the Secured Party; provided, that nothing herein constitutes a subordination or waiver of, and the Financial Institution expressly reserves all of, its present and future rights (whether described as rights of set-off, banker's lien, chargeback or otherwise and whether available to the Financial Institution at law, in equity, or under the UCC) under any other agreement between the Financial Institution and the Grantor concerning the Collateral Account with respect to (a) items (any checks, electronic or paper drafts, electronic payment orders and credits or other instruments for the payment of money (as used in this Agreement, each an "Item" and collectively, "Items") payable or endorsed to the Grantor, to the Secured Party or to any of them) deposited into the Collateral Account that are returned unpaid, whether for insufficient funds or for any other reason; (b) overdrafts in the Collateral Account; and (c) the Financial Institution's usual and customary charges for services rendered in connection with the Collateral Account (including obligations and liabilities arising out of any cash management services provided by the Financial Institution or any third party vendors with respect to the Collateral Account, including Automated Clearing House transactions , in each case, solely to the extent any such services are being provided with respect to the Collateral Account). Each of the parties hereto acknowledges and agrees that the security interest of the Secured Party on behalf of the Noteholders in the Collateral Account is subordinate to the rights reserved by the Financial Institution in this paragraph.

Section 5. Possible Conflict with Other Agreements.

(a) **Conflict With Other Agreements.** In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing or hereafter entered into between the Financial Institution and the Grantor with respect to the Collateral Account, the terms of this Agreement shall prevail.

(b) **Complete Agreement; Amendment.** This Agreement and the orders, instructions and notices required or permitted to be executed and delivered hereunder, together with the other Transaction Documents, set forth the entire agreement of the parties with respect to the subject matter hereof, and, subject to Section 5(a), supersede any prior agreement and contemporaneous oral agreements of the parties concerning its subject matter. No amendment, modification or (except as otherwise specified in Section 13) termination of this Agreement, nor any assignment of any rights hereunder (except to the extent contemplated under Section 11), shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto, and any attempt to so amend, modify, terminate or assign, except pursuant to such writing, shall be null and void; provided, that unless (i) the amendment or the modification is solely for purposes of correcting a technical error, inconsistency or ambiguity, conforming this Agreement to the Memorandum, adding to the covenants or agreements to be observed by the Issuer for the benefit of the Noteholders, complying with the requirements of the SEC or any other regulatory body or any Applicable Law or (ii) the amendment or the modification does not adversely affect the interests of the Noteholders in any material respect as confirmed in an

Officer's Certificate of the Issuer, the Issuer shall provide at least ten (10) Business Days' prior written notice of the amendment or other modification to the Noteholders and the amendment or the modification shall not be effective if the Controlling Party notifies the Issuer within such ten (10) Business Day period that it would be materially adversely affected by the amendment or the modification and does not consent to the amendment or the modification. The Noteholders shall be third party beneficiaries of this Agreement for purposes of this provision.

(c) **Existence of Other Agreements.** The Financial Institution hereby confirms and agrees that:

(i) There are no other agreements entered into between the Financial Institution and the Grantor with respect to the Collateral Account;

(ii) The Financial Institution has not entered into, and until the termination of this Agreement shall not enter into, any agreement with any other Person (other than the Secured Party) relating to the Collateral Account pursuant to which it has agreed, or shall agree, to comply with entitlement orders (as defined in Section 8-102(a)(8) of the UCC) or instructions (within the meaning of Section 9-104 of the UCC) of such other Person; and

(iii) The Financial Institution has not entered into, and until the termination of this Agreement shall not enter into, any agreement purporting to limit or condition the obligation of the Financial Institution to comply with entitlement orders or instructions as set forth in Section 2(a).

Section 6. Adverse Claims.

(a) **Adverse Claim.** Except for the claims and interests of the Secured Party and the Grantor, the Financial Institution does not know of any lien on, or claim to, or interest in the Collateral Account or in any "financial asset" (as defined in Section 8-102(a) of the UCC), cash or funds credited thereto.

(b) **Notice.** If any Person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Collateral Account (or in any financial asset, cash or funds carried therein), the Financial Institution shall promptly notify the Secured Party thereof in writing.

Section 7. Notice of Exclusive Control; Eligible Investments.

(a) **Notice of Exclusive Control**. The Financial Institution may comply with instructions directing the disposition of funds in the Collateral Account originated by the Grantor or the Servicer (collectively, the "Authorized Parties"), or their respective authorized representatives (including directions by the Servicer with respect to the selection of investments constituting Eligible Investments), until such time as the Secured Party delivers a written notice to the Financial Institution substantially in the form set forth in Exhibit A (such notice, a "Notice of Exclusive Control") that the Secured Party is thereby exercising exclusive control over the

Collateral Account. The Secured Party may at any time deliver a Notice of Exclusive Control to the Financial Institution and after the Financial Institution receives a Notice of Exclusive Control, it shall cease complying with instructions or other directions concerning the Collateral Account or funds on deposit therein originated by the Authorized Parties or their representatives and neither the Authorized Parties nor any Person acting through or under the Authorized Parties shall have access to the Collateral Account unless and until the Financial Institution has received written notice from the Secured Party that the Collateral Account has been released from the security interest pursuant to the Indenture or that such Notice of Exclusive Control otherwise has been rescinded. The Grantor and the Servicer hereby agree with the Secured Party that they shall not provide any instructions hereunder unless such instructions are expressly permitted by the Indenture or the Servicing Agreement.

(b) **Eligible Investments**. Subject to Section 7(a), the Financial Institution shall honor any instruction from the Servicer with respect to investments but only to the extent the requested investment constitutes an Eligible Investment.

Section 8. Maintenance of the Collateral Account.

(a) **Correspondence, Statements and Confirmations.** The Financial Institution shall promptly send copies of all statements, confirmations and other correspondence concerning the Collateral Account and, if applicable, any financial assets credited thereto, to the Grantor, the Secured Party and the Servicer at the address for each set forth in Section 12. The Servicer, on behalf of the Issuer, hereby agrees to pay all reasonable and customary fees and expenses of the Financial Institution in connection with this Section 8(a).

(b) **Tax Reporting.** All items of income, gain, expense and loss, if any, recognized in the Collateral Account and all interest, if any, relating to the Collateral Account, shall be reported to the IRS and all state and local taxing authorities under the name and taxpayer identification number of the Grantor. All such reporting shall be solely the responsibility of the Grantor and not the Secured Party or the Financial Institution.

Section 9. Representations of the Financial Institution. The Financial Institution hereby represents that:

(a) the Financial Institution is a national banking association, duly organized, validly existing and in good standing under the laws of the United States;

(b) this Agreement has been duly authorized by all necessary corporate action on the part of the Financial Institution;

(c) the Financial Institution has all requisite corporate power and authority to execute and deliver this Agreement;

(d) this Agreement has been duly executed and delivered by the Financial Institution;

(e) the Collateral Account has been established as set forth in Section 1 and the Collateral Account shall be maintained in the manner set forth herein until termination of this Agreement;

(f) the Collateral Account is either (i) a “securities account” (as defined in Section 8-501(a) of the UCC) or (ii) a “deposit account” (as defined in Section 9-102(a)(29) of the UCC);

(g) the Financial Institution is a “securities intermediary” within the meaning of Section 8-102(a)(14) of the UCC and a “bank” within the meaning of Section 9-102(a)(8) of the UCC;

(h) the Financial Institution is not a “clearing corporation” within the meaning of Section 8-102(a)(5) of the UCC; and

(i) this Agreement is the valid and legally binding obligation of the Financial Institution.

Section 10. Release; Indemnification.

(a) **Release.** Except for acting on instructions in violation of Section 2, or to the extent arising from the Financial Institution’s gross negligence or willful misconduct, the Financial Institution shall have no responsibility or liability to the Secured Party for complying with instructions concerning the Collateral Account from the Grantor or the Grantor’s authorized representatives which are received by the Financial Institution before the Financial Institution receives a Notice of Exclusive Control. Subject to the preceding sentence, the Grantor and the Secured Party hereby agree that the Financial Institution is released from any and all liabilities to the Grantor and the Secured Party arising from the terms of this Agreement and the compliance of the Financial Institution with the terms hereof, except to the extent that such liabilities arise from the Financial Institution’s gross negligence or willful misconduct.

(b) **Indemnification.** The Grantor shall at all times indemnify and save harmless the Financial Institution from and against any and all claims, actions and suits of others arising out of the terms of this Agreement or the compliance of the Financial Institution with the terms hereof and from and against any and all liabilities, losses, damages, costs, charges, reasonable counsel fees and other expenses of every nature and character arising by reason of the same, except to the extent that such indemnification arises from the Financial Institution’s gross negligence or willful misconduct. The provisions of this Section 10(b) shall survive the resignation or removal of the Financial Institution and the termination of this Agreement.

Section 11. Successors; Assigns.

(a) **Successors and Assigns.** The terms of this Agreement shall be binding upon, and shall be for the benefit of, the parties hereto and their respective corporate or limited liability company successors, assigns or heirs and personal representatives who obtain such rights solely by operation of law. Any corporation or association into which the Financial

Institution may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all the business of the Financial Institution's corporate trust line of business, including all of the rights and obligations of the Financial Institution under this Agreement, may be transferred, shall be the successor Financial Institution under this Agreement without any further act.

(b) **Assignment.** Each party other than the Financial Institution may assign its rights hereunder, solely to the extent that its rights in its respective capacities may be assigned under the terms of the Transaction Documents; provided, that a prior written notice of such assignment is given by the assigning party to the Financial Institution and the other parties to this Agreement.

(c) **Successor Account.** The terms of this Agreement shall be binding on and shall apply to any successor account to the Collateral Account.

Section 12. Notices. Any notice, order, instruction, request or other communication required or permitted to be given under this Agreement shall be in writing and deemed to have been properly given when delivered in person, or when sent by telecopy or other electronic means and electronic confirmation of error free receipt is received upon receipt of notice by certified or registered United States mail, return receipt requested, postage prepaid, addressed to the party at the address set forth below.

Grantor:
LABA Royalty Sub LLC
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David H. Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Servicer:
Theravance, Inc.
901 Gateway Boulevard
South San Francisco, CA 94080
Attention: Bradford J. Shafer, Senior Vice President & General Counsel
Facsimile: (650) 808-6095
Email: bshafer@theravance.com

With a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
Attention: David H. Midvidy
Facsimile: (917) 777-2089
E-Mail: david.midvidy@skadden.com

Secured Party:
U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services (LABA Royalty Sub LLC)
Telephone: 617-603-6553
Facsimile: 617-603-6683

Financial Institution:
U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Corporate Trust Services (LABA Royalty Sub LLC)
Telephone: 617-603-6553
Facsimile: 617-603-6683

Any party may change its address for notices in the manner set forth above.

Section 13. **Termination.** The obligations of the Financial Institution to the Secured Party pursuant to this Agreement shall continue in effect until the security interest of the Secured Party in the Collateral Account has been terminated pursuant to the terms of the Indenture and the Secured Party has notified the Financial Institution of such termination in a written notice substantially in the form of Exhibit B. Notwithstanding the previous sentence, this Agreement may be terminated by the Secured Party at any time, with or without cause, five (5) days following its delivery of written notice thereof to each of the parties hereto. This Agreement may be terminated by the Financial Institution at any time on not less than thirty (30) days' prior written notice delivered to the Grantor and the Secured Party; provided, that all property and funds in the Collateral Account will be delivered to or as directed by the Secured Party upon the termination of this Agreement if the Secured Party delivers written direction to the Financial Institution directing the delivery of all property and funds in the Collateral Account within such thirty (30) day period. In the absence of such direction, all property and funds in the Collateral Account shall be delivered to the Secured Party upon the expiration of such thirty (30) day period. The termination of this Agreement shall not terminate the Collateral Account or alter the obligations of the Financial Institution to the Grantor pursuant to any other agreement with respect to the Collateral Account.

Section 14. **Counterparts.** This Agreement may be executed in any number of

counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 15. **Severability.** To the extent a provision of this Agreement is unenforceable, this Agreement shall be construed as if the unenforceable provision were omitted.

Section 16. **Consequential Damages.** In no event shall the Financial Institution be liable for special, indirect or consequential loss or damage of any kind whatsoever (including lost profits), even if the Financial Institution has been advised of the likelihood of such loss or damage and regardless of the form of action.

Section 17. **Limitation of Liability of Financial Institution.** The duties of the Financial Institution shall be determined solely by the express provisions of this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Financial Institution. The Financial Institution shall exercise at least the level of care it exercises with respect to its own funds and, in all events, reasonable care, in administering and accounting for amounts credited to the Collateral Account. The Financial Institution shall be permitted to conclusively rely and act upon any notice, order, request, waiver, consent, receipt or other paper or document (whether in its original or facsimile form) reasonably believed by the Financial Institution to be signed by the Secured Party or any other Authorized Party. The Financial Institution shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith or for any mistake of fact or law or for anything which the Financial Institution may do or refrain from doing in connection herewith, except its own negligence or willful misconduct. The Financial Institution shall have duties only as set forth herein and duties of a "bank" or "securities intermediary", as applicable, pursuant to the UCC.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinabove set forth.

LABA ROYALTY SUB LLC, as Grantor

By: /s/ Bradford J. Shafer
Name: Bradford J. Shafer
Title: Secretary

THERAVANCE, INC., as Servicer
By: /s/ Rick E Winningham
Name: Rick E Winningham
Title: Chairman and Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION, as Secured Party

By: /s/ Alison D. B. Nadeau
Name: Alison D. B. Nadeau
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as Financial Institution

By: /s/ Alison D. B. Nadeau
Name: Alison D. B. Nadeau

Exhibit A

[Letterhead of Secured Party]

[Date]

U.S. Bank National Association,
as Financial Institution
One Federal Street, 3rd Floor
Boston, Massachusetts 02110

Attention: Corporate Trust Services (LABA Royalty Sub LLC)

Re: Notice of Exclusive Control

As referenced in Section 7(a) of the Account Control Agreement, dated as of April 17, 2014 (the "Control Agreement"), by and among you, as Financial Institution, LABA Royalty Sub LLC, as the Grantor, Theravance, Inc., as the Servicer and the undersigned, as Secured Party (a copy of which is attached) we hereby give you notice of our exclusive control over the Collateral Account (as defined in the Control Agreement) and all financial assets or other property credited thereto. You are hereby instructed not to accept any direction, instruction or entitlement order with respect to the Collateral Account or the financial assets or other property credited thereto from any person other than the undersigned.

You are instructed to deliver a copy of this notice by facsimile transmission to LABA Royalty Sub LLC at (650) 808-6095.

Very truly yours,

U.S. Bank National Association,
as Secured Party

By: _____
Name:
Title:

cc: LABA Royalty Sub LLC
Skadden, Arps, Slate, Meagher & Flom LLP, Attention: David H. Midvidy

Exhibit B

[Letterhead of Secured Party]

[Date]

U.S. Bank National Association,
as Financial Institution
One Federal Street, 3rd Floor
Boston, Massachusetts 02110

Attention: Corporate Trust Services (LABA Royalty Sub LLC)

Re: Termination of Account Control Agreement

You are hereby notified that the Account Control Agreement, dated as of April 17, 2014 (the "Control Agreement"), by and among you, as Financial Institution, LABA Royalty Sub LLC, as the Grantor, Theravance, Inc., as the Servicer and the undersigned, as Secured Party (a copy of which is attached) is terminated and you have no further obligations to the undersigned pursuant to such agreement. Notwithstanding any previous instructions to you, you are hereby instructed to accept all future directions with respect to the Collateral Account identified in such agreement solely from the Grantor. This notice terminates any obligations you may have to the undersigned with respect to the Collateral Account; however nothing contained in this notice shall alter any obligations which you may otherwise owe to the Grantor pursuant to any other agreement. Capitalized terms used but not otherwise defined herein shall have the respective meanings given to such terms in the Control Agreement.

Very truly yours,

U.S. Bank National Association,

as Secured Party

By: _____
Name:
Title:

cc: LABA Royalty Sub LLC
Skadden, Arps, Slate, Meagher & Flom LLP, Attention: David H. Midvidy

LIMITED LIABILITY COMPANY AGREEMENT

OF

LABA ROYALTY SUB LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT, dated as of April 17, 2014 (together with the schedules attached hereto, as the same may be amended or otherwise modified from time to time, this "Agreement") of LABA ROYALTY SUB LLC, a Delaware limited liability company (the "Company"), is entered into by Theravance, Inc., a Delaware corporation, as the initial sole equity member (together with its successors and assigns in such capacity pursuant to Section 21 hereof, the "Member") of the Company.

RECITAL

The Member has formed the Company as a limited liability company under the laws of the State of Delaware and now desires to enter into a written agreement, in accordance with the provisions of the Delaware Limited Liability Company Act (6 Del. C. §§ 18-101 *et seq.*) and any successor statute, as amended from time to time (the "Act"), to govern the affairs of the Company and the conduct of its business. Capitalized terms used and not otherwise defined herein shall have the meanings set forth on Schedule A hereto.

Section 1. Formation.

The Member has previously formed the Company as a limited liability company pursuant to and in accordance with the Act. A certificate of formation for the Company as described in Section 18-201 of the Act has been filed in the Office of the Secretary of State of the State of Delaware in conformity with the Act under the name "LABA ROYALTY SUB LLC" on November 22, 2013 by Deborah M. Reusch as an "authorized person" within the meaning of the Act. The Member, by execution of this Agreement, hereby ratifies and approves the execution, delivery and filing of the Certificate of Formation of the Company in such manner. Upon the execution of this Agreement, Deborah M. Reusch's authority as an "authorized person" within the meaning of the Act shall cease and the Member shall be designated as an "authorized person" within the meaning of the Act to execute, deliver and file, or cause the execution, delivery and filing of, all certificates (and any amendments and/or restatements thereof) required by the Act. In connection therewith, the Company and, if required, the Member, in its capacity as the "authorized person" within the meaning of the Act to take such actions, shall execute and deliver or cause to be executed and delivered from time to time all other instruments, certificates, notices and documents and shall do or cause to be done all such acts and things (including keeping books and records and making publications or periodic filings) as may now or hereafter be required for the formation, valid existence and, when appropriate, termination of the Company as a limited liability company under the laws of the State of Delaware.

Section 2. Name.

The name of the limited liability company shall be "LABA ROYALTY SUB LLC" and its business shall be carried on in such name with such variations and changes as the Board shall determine or deem necessary to comply with requirements of the jurisdictions in which the Company's operations are conducted.

Section 3. Principal Business Office.

The principal business office of the Company is c/o Theravance, Inc., 901 Gateway Boulevard, South San Francisco, California 94080, or such other location as may hereafter be determined by the Board from time to time. The Board may, from time to time, change the Company's principal business office and may establish such other place or places of business within or without the State of Delaware as the Board may deem advisable.

Section 4. Registered Office.

The address of the registered office of the Company in the State of Delaware is c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Board may, from time to time, change the Company's registered office and shall forthwith amend the Certificate of Formation to reflect such change.

Section 5. Registered Agent.

The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Board may, from time to time, change the Company's registered agent and shall forthwith amend the Certificate of Formation to reflect such change.

Section 6. Member; Special Members; No Liability.

(a) The name and the mailing address of the Member as of the date hereof are set forth on Schedule B attached hereto.

(b) Subject to Section 10(j), the Member may act by written consent.

(c) From the date each Indenture is entered into by the Company until such date as each such Indenture has been satisfied and discharged in full in accordance with its terms, upon the resignation or dissolution of the Member or any other event that causes the Member to cease to be a member of the Company (other than upon the continuation of the Company without dissolution upon the transfer (in one or more transactions) by the Member of 100% of its membership interest in the Company in accordance with the provisions of this Agreement or any other circumstance in which there is already another Member of the Company in accordance with the provisions of this Agreement), each Person acting as an Independent Manager pursuant to Section 11 who (i) shall have been appointed from time to time in the manner provided in Section 11, (ii) shall have executed the Management Agreement in the form attached as Schedule C to this Agreement (which following the date hereof may be in the form of a counterpart

signature page to the Management Agreement) and (iii) shall initially be Orlando Figueroa and Dewen Tarn, shall, without any action of any Person and simultaneously with the Member ceasing to be a member of the Company, automatically be admitted to the Company as a Special Member and shall continue the Company without dissolution. Prior to the occurrence of any such event and admission to the Company as a Special Member, no Person acting as an Independent Manager shall be a member of the Company nor shall such Person have any rights or obligations under this Agreement, except (A) his or her duties and obligations as an Independent Manager pursuant to this Agreement and (B) his or her obligation to become a Special Member and be admitted to the Company upon the occurrence of the conditions specified in this Section 6(c). No Special Member may resign from the Company or transfer his or her rights or obligations as Special Member unless (1) a successor Special Member has been admitted to the Company as Special Member by executing a counterpart to this Agreement and (2) such successor has also accepted his or her appointment as an Independent Manager pursuant to Section 11; provided, that each Special Member shall automatically cease to be a member (but not an Independent Manager) of the Company upon the admission to the Company of a substitute Member pursuant to Section 21(b), appointed by the personal representative of the Person that had been the last remaining Member. In the event that such personal representative fails to appoint a substitute Member pursuant to Section 21(b) as promptly as commercially practicable after the admission of the Special Members as Special Members of the Company, the Special Members shall appoint a Person meeting the requirements of Section 21(b) as a substitute Member as promptly is as commercially practicable. Upon admission to the Company, each Special Member shall be a member of the Company that has no interest in the profits, losses and capital of the Company and has no right to receive any distributions of the property or assets of the Company. Pursuant to Section 18-301 of the Act, a Special Member shall not be required to make any capital contributions to the Company and shall not receive a limited liability company interest in the Company. A Special Member, in his or her capacity as Special Member, may not bind the Company. Except as required by any mandatory provision of the Act, a Special Member, in his or her capacity as Special Member, shall have no right to vote on, approve or otherwise consent to any action by, or matter relating to, the Company, including, without limitation, any Specified Action. In order to implement the admission to the Company of a Special Member, each Person acting as an Independent Manager pursuant to Section 11 and who is designated to be a Special Member in accordance with this Section 6(c) shall execute a counterpart signature page to this Agreement upon becoming a Special Member pursuant to this Section 6(c).

(d) All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and neither the Member nor any Special Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being the Member or a Special Member.

Section 7. Authorized Person; Filings; Term of Existence; Fiscal Year.

The Member shall be the designated "authorized person" within the meaning of the Act. The Member or an Officer shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may wish to conduct business. The existence of the

Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation as provided in the Act. The "Fiscal Year" of the Company shall be from January 1st to December 31st of each year.

Section 8. Purposes.

(a) Subject to Section 10(j), the purposes of the Company are to engage in the following activities:

(i) to purchase or otherwise acquire, hold, own, service, sell, transfer, assign, participate, pledge, collateralize, securitize and otherwise monetize, in whole or in part, royalties, royalty interests and other payments derived directly or indirectly from the exploitation of intellectual property relating to pharmaceutical products as the Board may elect from time to time, including, without limitation, the right to royalties generated by intellectual property pursuant to the Collaboration Agreement and any activities ancillary and/or related thereto;

(ii) to authorize, issue, sell and deliver one or more Series of Notes or other evidence of indebtedness pursuant to one or more Indentures, loan and security agreements, loan agreements, credit agreements or other similar agreements and to pledge the collateral identified in the Indentures or such other agreements to the Indenture Trustee, collateral agent, administrative agent, lender or other Person acting in such other similar capacity to secure its obligations thereunder;

(iii) to appoint the Servicer to manage and service its assets and other property pursuant to one or more Servicing Agreements;

(iv) to enter into and exercise its rights and perform its duties and obligations under the Collaboration Agreement and the Transaction Documents to which it is or becomes a party and any other document, agreement, instrument, order, certificate, notice, financing statement or other document entered into or delivered in connection therewith or contemplated thereby and to exercise any rights given to it under the Collaboration Agreement and any Transaction Document or the other documents, instruments, agreements, certificates or financing statements contemplated thereby;

(v) to hire and appoint such employees (in addition to the Managers and Officers) as the Board may determine are necessary and appropriate in order to permit the Company to engage in its activities; and

(vi) to engage in all such other activities and to exercise all such other powers permitted to limited liability companies under the Act that are incidental to or connected with the foregoing business or purposes or necessary or desirable to accomplish the foregoing.

The Company shall not engage in any activity other than in connection with the foregoing or other than as required or authorized by this Agreement or the Collaboration Agreement and any Transaction Documents to which it is a party.

(b) The Company, by or through any Manager or any Officer on behalf of the Company, may execute, deliver, enter into and perform the Collaboration Agreement and the Transaction Documents, and all other agreements, instruments, orders, certificates, notices, financing statements and other documents contemplated thereby or related thereto, all without any further act, vote or approval of the Member or any Manager or Officer notwithstanding any other provision of this Agreement, the Act or applicable law, rule or regulation. The foregoing authorization shall not be deemed a restriction on the powers of any Manager or any Officer to enter into agreements, instruments, orders, certificates, notices, financing statements and other documents on behalf of the Company.

Section 9. Powers.

Subject to Section 10(j), the Company shall have and exercise (a) all powers and rights necessary, convenient or incidental to accomplish its purposes as set forth in Section 8 and (b) all powers and rights conferred upon limited liability companies formed pursuant to the Act.

Section 10. Management.

(a) Board of Managers. The business and affairs of the Company shall be managed by or under the direction of a Board of five or more Managers. The Member shall designate, appoint and elect each Manager. Each Manager is hereby designated as a "manager" of the Company within the meaning of Section 18-101(10) of the Act. Subject to Section 11, the Member may determine at any time in its sole and absolute discretion the number of Managers to constitute the Board. The authorized number of Managers may be increased or decreased by the Member at any time in its sole and absolute discretion, upon notice to all Managers, and subject in all cases to Section 11. The initial number of Managers shall be five, two of which shall be Independent Managers pursuant to Section 11. Each Manager elected, designated or appointed shall hold office until a successor is elected and qualified or until such Manager's earlier death, resignation or removal. Each Manager shall execute and deliver the Management Agreement. Managers need not be Members. The initial Managers hereby designated by the Member are listed in Schedule B hereto.

(b) Powers. Subject to Section 10(j), the Board of Managers shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise. Except as otherwise provided in any other provision of this Agreement, the Board of Managers shall have the authority to bind the Company pursuant to a resolution expressly authorizing any matter which resolution is duly adopted by an affirmative vote of a majority of the Board not including the Independent Managers, or as otherwise required by this Agreement. An individual Manager shall not have the authority to bind the Company to any matter involving a third party without the affirmative vote of a majority of the Board or as otherwise required pursuant to this Agreement.

(c) Meeting of the Board of Managers. The Board of Managers may hold meetings, both regular and special, within or outside the State of Delaware. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board. Special meetings of the Board may be called by the President on not less than one day's notice to each Manager that has authority hereunder to participate in the meeting by telephone, facsimile, mail, telegram, email or any other means of communication, and special meetings shall be called by the President or Secretary in like manner and with like notice upon the written request of any one or more of the Managers that has authority hereunder to participate in the meeting; provided, that the provisions of this Section 10(c) shall not apply to Independent Managers unless the action considered at such Board meeting requires the vote of the Independent Managers, provided, further, that Managers may waive the right to notice in accordance with this Section 10(c).

(d) Quorum; Acts of the Board. At all meetings of the Board in respect of matters expressly requiring the consent or approval of the Independent Managers, a majority of the Managers (which majority must include a majority of the Managers other than the Independent Managers) shall constitute a quorum for the transaction of business and, except as otherwise provided in any other provision of this Agreement, the act of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board (which majority must include a majority of the Managers other than the Independent Managers). At all other meetings of the Board, a majority of the Managers other than the Independent Managers shall constitute a quorum for the transaction of business, and, except as otherwise provided in any other provision of this Agreement, the act of a majority of the Managers present at such meeting excluding the Independent Managers shall be the act of the Board. If a quorum shall not be present at any meeting of the Board, the Managers present at such meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if the same number of members of the Board or committee with authority hereunder to vote on such matter, as the case may be, as would be required to consent to such action at a meeting of the Board, or of any committee thereof, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee. Where the consent or approval of the Independent Managers would be required to approve an action at a meeting of the Board, the written consent of the Independent Managers shall also be required to approve such action by written consent, and where the consent or approval of the Independent Managers would not be required to approve an action at a meeting of the Board, the written consent of the Independent Managers shall not be required to approve such action by written consent. Notwithstanding anything in the Act or this Agreement to the contrary, the Independent Managers may only act, vote or otherwise participate in the business of the Company to the extent of the matters expressly requiring the approval of the Independent Managers pursuant to this Agreement. In all cases where the approval of the Independent Managers is not expressly required pursuant to this Agreement, the Independent Managers shall not be entitled to notice of the meetings of the Board, shall not be entitled to attend meetings of the Board and shall not count at meetings of the Board for purposes of constituting a quorum.

(e) Electronic Communications. Members of the Board, or any committee designated by the Board, may participate in meetings of the Board, or any committee, by means

of telephone conference or similar communications equipment that allows all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by telephone conference or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

(f) Committees of Managers.

(i) The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the Managers of the Company; provided, that the majority of the whole Board shall be required only if the committee so designated will deliberate matters that require the vote of the Independent Managers, otherwise, such resolutions may be passed by the majority of the Board other than the Independent Managers. The Board may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(ii) In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member; provided, that any non-Independent Manager that is absent or has been disqualified may be replaced with another non-Independent Manager unless the majority of the non-Independent Managers agree otherwise.

(iii) Subject to Section 10(j), any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

(g) Compensation of Managers; Expenses. The Board shall have the authority to fix the compensation of Managers. The Managers may be paid their expenses, if any, of attendance at meetings of the Board, which may be a fixed sum for attendance at each meeting of the Board or a stated salary as Manager. No such payment shall preclude any Manager from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

(h) Removal of Managers. Subject to Section 11, unless otherwise restricted by law, any Manager or the entire Board of Managers may be removed, with or without cause, at any time by the Member. Any vacancy caused by any such removal may be filled by action of the Member. Except as provided in this Agreement, a Manager may not bind the Company.

(i) Managers as Agents. To the extent of their powers set forth in this Agreement and subject to Section 10(j), the Managers are agents of the Company for the purpose of the Company's business, and the actions of the Managers taken in accordance with such powers set forth in this Agreement shall bind the Company.

(j) Limitations on the Company's Activities.

(i) This Section 10(j) is being adopted in order to comply with certain provisions required in order to qualify the Company as a "special purpose entity."

(ii) Notwithstanding any other provision of this Agreement or any provision of law that otherwise so empowers the Company, the Member or the Board, from the date each Indenture is entered into by the Company until such date as each such Indenture has been satisfied and discharged in full in accordance with its terms, the Member shall not be authorized or empowered to amend, alter, change or repeal Sections 6(c), 8, 9, 10, 11, 19, 20, 22, 23, 24 or the definition of "Independent Manager" set forth in Schedule A of this Agreement without the unanimous written consent of the Board (including both Independent Managers). Subject to this Section 10(j), the Member may amend, alter, change or repeal any provisions contained in this Agreement without the consent of the Board pursuant to Section 29.

(iii) Notwithstanding any other provision of this Agreement or any provision of law that otherwise so empowers the Company, the Member or the Board, from the date each Indenture is entered into by the Company until one year and one day after such dates as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, neither the Member nor the Board shall take any Specified Action without the unanimous written consent of the Board (including both Independent Managers) and, in the case of the Board, without the prior written consent of the Member.

(iv) Each Manager agrees, solely in its, his or her capacity as a creditor of the Company on account of any indemnification or other payment owing to such Manager by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

(v) The Board and the Member shall cause the Company to do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and franchises; provided, that the Company shall not be required to preserve any such right or franchise if the Board

shall determine that the preservation thereof is no longer desirable for the conduct of its business. The Board shall cause the Company to be operated in such a manner as the Board deems reasonable and necessary or appropriate to preserve the limited liability of the Member, the separateness of the Company from the business and affairs of the Member or any Affiliate of the Member (other than the Company), and until one year and one day after the last remaining Notes are paid in full, the special purpose bankruptcy remote status of the Company. Without limitation of the foregoing, from the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, the Board shall cause the Company to:

(1) hold itself out to the public and all other Persons as a legal entity separate from the Member and any other Person and conduct its own business in its own name and require that all full-time employees of the Company, if any, identify themselves as employees of the Company;

(2) maintain the Company's books, records and bank accounts separate from those of the Member and any other Person and otherwise in such a manner so that such books and records are readily identifiable as its own assets rather than assets of the Member or any such Person;

(3) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person and not have its assets listed on any financial statement of any other Person; provided, however, that the Company's assets may be included in a consolidated financial statement of its Affiliates; provided that (A) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the Company from any such Affiliate and to indicate that the Company's assets and credit are not available to satisfy the debts and other obligations of any such Affiliate or any other company and (B) such assets shall also be listed on the Company's own separate balance sheet;

(4) file its own tax returns, if any, as may be required under applicable law, to the extent it is (A) not part of a consolidated group filing a consolidated return or returns or (B) not treated as a division, for tax purposes, of another taxpayer or otherwise disregarded for tax purposes, and pay any taxes so required to be paid under applicable law;

(5) allocate fairly and reasonably any taxes and any overhead expenses that are shared with an Affiliate, including for shared office space and for services performed by an employee of an Affiliate;

(6) not commingle its assets with assets of any other Person;

(7) maintain an arm's-length relationship with the Member and its other Affiliates;

(8) pay out of its own funds and assets its indebtedness and other liabilities, including the salaries of its officers and employees, its operating expenses and the fees and expenses of its agents;

(9) maintain a sufficient number of employees in light of its contemplated business operations;

(10) maintain at all times adequate capital in light of its contemplated business operations and liabilities and refrain from making any distributions or other payments in respect of its membership interests (including any repurchase of membership interests or return of capital) that would cause it to have inadequate capital;

(11) not hold out its credit as being available to satisfy the obligations of others;

(12) not acquire obligations or securities of the Member;

(13) use separate stationery, invoices, checks, other business forms and telephone and facsimile numbers from those of any other Person;

(14) correct any known misunderstanding regarding its separate existence and identity;

(15) have a Board composed differently from that of the Member and any other Person;

(16) cause its Board of Managers to meet at least annually or act pursuant to written consent and keep minutes of such meetings and actions and observe all other Delaware limited liability company formalities;

(17) direct its officers, Managers (other than its Independent Managers), agents and other representatives to act at all times in the best interest of the Company and its Member and direct its Independent Managers to act at all times in the best interest of the Company and its Member and creditors;

(18) cause its officers and Managers, to the extent permitted by law, until one year and one day after the last remaining Notes are paid in full, to make decisions with respect to the business and daily operations of the Company pursuant to the direction of the Board, in adherence to all organizational formalities of the Company and as required for preservation of its status as a distinct entity; and

(19) observe all limited liability company formalities required by this Agreement and the Act.

(vi) The Board shall not cause or permit the Company to:

(1) guarantee any obligation of any Person, including any Affiliate of the Company; or

(2) incur, create or assume any indebtedness other than as permitted by this Agreement, the Collaboration Agreement and the Transaction Documents to which the Company is a party.

Any failure of the Company to comply with any of the covenants in this Section 10(j) shall not affect the status of the Company as a separate legal entity or the limited liability of the Member, the Special Member and Managers.

Section 11. Independent Managers.

(a) From the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, the Member shall cause the Company at all times to have at least two Independent Managers, each of whom shall be appointed by the Member. All right, power and authority of the Independent Managers shall be limited to the extent necessary to exercise those rights and perform those duties specifically set forth in this Agreement. The Independent Managers shall not delegate their rights, duties, authorities or responsibilities hereunder. To the fullest extent permitted by law, including, without limitation, Section 18-1101(c) of the Act, each of the Independent Managers shall consider only the interests of the Company and its Member and creditors in acting or otherwise voting on matters subject to the vote of the Board of Managers that require the approval of the Independent Managers. In exercising their rights and performing their duties under this Agreement, the Independent Managers shall have a fiduciary duty of loyalty and care to the Company and its Member and creditors similar to that of a director of a business corporation organized under the General Corporation Law of the State of Delaware. No Independent Manager shall at any time serve as a trustee in bankruptcy for the Company or any of its Affiliates. Except as provided in this Agreement, an Independent Manager shall not bind the Company. Notwithstanding anything in the Act or this Agreement to the contrary, the Independent Managers may only act, vote or otherwise participate in the business of the Company to the extent of the matters expressly requiring the approval of the Independent Managers pursuant to this Agreement. In all cases where the approval of the Independent Managers is not expressly required pursuant to this Agreement, the Independent Managers shall not be entitled to notice of the meetings of the Board, shall not be entitled to attend meetings of the Board and shall not count at meetings of the Board for purposes of constituting a quorum. To the fullest extent permitted by law, including Section 18-1101(e) of the Act, an Independent Manager shall not be liable to the Company, the Member or any other Person bound by this Agreement for breach of contract or breach of duties (including fiduciary duties), unless the Independent Manager acted in bad faith or engaged in willful misconduct.

(b) From the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, the Independent Managers may be removed by the Member or the Board with or without cause. From the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, to the fullest extent permitted by law, no resignation or removal of an Independent Manager, and no appointment of a successor Independent Manager, shall be effective until the successor Independent Manager shall have accepted its appointment by a written instrument, which may be a counterpart signature page to the Management Agreement. In the event of any vacancy in the position of Independent Manager from the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, (x) the Member shall appoint a substitute Independent Manager as promptly as commercially practicable thereafter, and (y) until there are at least two Independent Managers appointed in the manner provided herein the Board shall not vote on any matter requiring the approval of the Independent Managers. The Member shall provide not less than ten (10) calendar days' prior written notice to the Company of the replacement or appointment of any Manager that is to serve as an Independent Manager for purposes of this Agreement. As a condition to the effectiveness of any such replacement or appointment, the Member shall certify to the Company that the designated Person satisfied the criteria set forth in the definition of "Independent Manager" and the Board shall acknowledge in writing, that in the Board's reasonable judgment, the designated Person satisfies the criteria set forth in the definition of "Independent Manager." From the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms, the failure of the Member to comply with the procedures applicable to any replacement or appointment of an Independent Manager set forth in this Section 11 shall cause the appointment or replacement to be null and void for all purposes under this Agreement.

(c) The provisions of this Section 11 shall only apply and the Company shall be required to maintain Independent Managers from the date each Indenture is entered into by the Company until such date as each such Indenture entered into by the Company has been satisfied and discharged in full in accordance with its terms.

Section 12. Officers.

(a) Officers. The Officers of the Company shall consist of at least a President, a Secretary and a Treasurer. The Officers of the Company as of the date hereof are listed in Schedule B hereto. The Board of Managers or the Member may also choose a Chief Financial Officer and a General Counsel (or an Associate General Counsel) and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant General Counsel in addition to the initial Officers appointed by the Member. Any number of offices may be held by the Member or the same person except that the President and the Secretary may not be the same person. The Board or the Member shall choose a President, a Secretary and a Treasurer following the resignation or removal of the initial Officers appointed by the Member. The Board or the Member may appoint such other Officers and agents as it shall deem necessary or advisable who shall hold their offices for such terms and shall exercise such powers and perform

such duties as shall be determined from time to time by the Board. The salaries of all Officers and agents of the Company, if any, shall be fixed by or in the manner prescribed by the Board. The Officers of the Company shall hold office until their successors are chosen and qualified. Any Officer elected or appointed by the Member or the Board may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board. Any vacancy occurring in any office of the Company shall be filled by the Board.

(b) President. The President shall be the chief executive officer of the Company, shall preside at all meetings of the Company, if any, and the Board, shall be responsible for the general and active management of the business of the Company and shall see that all orders and resolutions of the Board are carried into effect. The President shall execute all bonds, mortgages and other contracts, except: (i) where required or permitted by law or this Agreement to be otherwise signed and executed, including Section 8(b); (ii) where signing and execution thereof shall be expressly delegated by the Board to some other Officer or agent of the Company; and (iii) as otherwise permitted in Section 12(c).

(c) Vice President. In the absence of the President or in the event of the President's inability to act, the Vice President, if any (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Managers, or in the absence of any designation, then in the order of their election), shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents, if any, shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(d) Secretary and Assistant Secretary. The Secretary shall be responsible for filing legal documents and maintaining records for the Company except to the extent that such duties are allocated to the Chief Financial Officer, General Counsel, Associate General Counsel and/or Assistant General Counsel, if any. The Secretary shall attend all meetings of the Board and all meetings of the Company, if any, and record all the proceedings of the meetings of the Company and of the Board in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Company, if any, and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or the President, under whose supervision the Secretary shall serve. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board (or if there be no such determination, then in order of their election), shall, in the absence of the Secretary or in the event of the Secretary's inability to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board may from time to time prescribe.

(e) Treasurer and Assistant Treasurer. The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and to the Board, at its regular meetings or when the Board so requires, an account of all of the Treasurer's transactions and of the financial condition of the Company. The Assistant

Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of the Treasurer's inability to act, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board may from time to time prescribe. Any of the duties of the Treasurer and Assistant Treasurer described in this clause (e) may also be performed by the Chief Financial Officer, if any.

(f) Officers as Agents. The Officers, to the extent of their powers set forth in this Agreement or otherwise vested in them by action of the Board not inconsistent with this Agreement, are agents of the Company for the purpose of the Company's business, and, subject to Section 10(j), the actions of the Officers taken in accordance with such powers shall bind the Company.

(g) Duties of Board and Officers. Except to the extent otherwise provided herein, each Manager and Officer shall have a fiduciary duty of loyalty and care similar to that of directors and officers of business corporations organized under the General Corporation Law of the State of Delaware.

Section 13. Limited Liability.

Except as otherwise expressly provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be the debts, obligations and liabilities solely of the Company, and none of the Member, the Special Members or any Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being the Member, the Special Member or a Manager of the Company.

Section 14. Capital Contributions.

The Member will be deemed admitted as the Member of the Company upon the execution and delivery of this Agreement. The Member has made a capital contribution to the Company listed on Schedule B attached hereto. In accordance with Section 6(c), the Special Members shall not be required to make any capital contributions to the Company.

Section 15. Additional Contributions.

The Member is not required to make any additional capital contribution to the Company. The Member may make additional capital contributions to the Company at any time. The Member shall maintain records setting forth in reasonable detail any additional capital contributions made by the Member to the Company. The provisions of this Agreement, including this Section 15, are intended solely to benefit the Member and, to the fullest extent permitted by law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor of the Company shall be a third-party beneficiary of this Agreement) and the Member shall not have any duty or obligation to any creditor of the Company to make any contribution to the Company or to issue any call for capital pursuant to this Agreement.

Section 16. Allocation of Profits and Losses; Tax Treatment.

(a) For financial accounting and tax purposes, the Company's net profits or net losses shall be determined on an annual basis in accordance with the manner determined by the Member. Net income of the Company for federal income tax purposes (and each item of income, gain, loss and deduction entering into the calculation thereof) shall be allocated to the Member. In the event that one or more additional Members is admitted to the Company, this Agreement shall be amended to provide for the maintenance of capital accounts and allocations of net income or net loss (and items thereof) and related provisions consistent with the requirements of Section 704(b) and Section 704(c) of the Internal Revenue Code of 1986, as amended.

(b) Unless otherwise determined by the Member, the Company shall be (i) treated as an entity that is disregarded from the Member if the Member is the sole owner of the Company's equity interests for U.S. federal income tax purposes and (ii) treated as a partnership if there is more than one owner of the Company's equity interests for U.S. federal income tax purposes (as well as for any analogous state or local tax purposes), and the Member and the Company shall timely make any and all necessary elections and filings for the Company in connection with treatment as a disregarded entity for U.S. federal income tax purposes (as well as for any analogous state or local tax purposes). No election shall be made to treat the Company as a corporation for U.S. federal income tax purposes.

Section 17. Distributions.

Distributions on the Company's property shall be distributed to the Member at the direction of the Member, which direction may be standing instructions. In the absence of any direction to the contrary by the Member, distributions shall be made to the Member at the times and in the aggregate amounts determined by the Board. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not be required to make a distribution to the Member on account of its interest in the Company if such distribution would violate Section 18-607 of the Act or any other applicable law.

Section 18. Books and Records; Bank Accounts.

(a) The Board shall keep or cause to be kept complete and accurate books of account and records with respect to the Company's business. The books of the Company shall at all times be maintained by the Board. The Member and its duly authorized representatives shall have the right to examine the Company books, records and documents during normal business hours. The Company's books of account shall be kept using the method of accounting determined by the Member. The Company's independent auditor shall be an independent public accounting firm selected by the Member.

(b) The Member may authorize any Manager or Officer to open and maintain one or more bank accounts; rent safety deposit boxes or vaults; sign checks, written directions, or other instruments to withdraw all or any part of the funds belonging to the Company and on deposit in any savings account or checking account; negotiate and purchase certificates of deposit, obtain access to the Company safety deposit box or boxes, and generally sign such

forms on behalf of the Company as may be required to conduct the banking activities of the Company.

Section 19. Other Business; Business Transactions of the Member with the Company; Company Property.

(a) The Member, the Special Members and their respective Affiliates (other than the Company) may engage in or possess an interest in other business ventures (unconnected with the Company) of every kind and description, independently or with others. The Company shall not have any rights in or to such independent ventures or the income or profits therefrom by virtue of this Agreement.

(b) In accordance with Section 18-107 of the Act, the Member or any Affiliate thereof (other than the Company) may lend money to, borrow money from, act as surety, guarantor or endorser for, guarantee or assume one or more obligations of, provide collateral for, and transact other business with, the Company and, subject to applicable law, shall have the same rights and obligations with respect to any such matter as a Person who is not the Member or an Affiliate thereof (other than the Company).

(c) No real or other property of the Company shall be deemed to be owned by the Member individually, but shall be owned by and title shall be vested solely in the Company.

Section 20. Exculpation and Indemnification.

(a) The Member shall not, and no Special Member, Officer, Manager, employee or agent of the Company and no employee, representative, agent or Affiliate of the Member (other than the Company) (collectively, the "Covered Persons") shall, be liable to the Company or any other Person who has an interest in or claim against the Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence, bad faith or willful misconduct.

(b) To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence, bad faith or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 20 shall be provided out of and to the extent of Company assets only, and neither the Member nor any of the Special Members have personal liability on account thereof.

(c) To the fullest extent permitted by applicable law, expenses (including legal fees) incurred by a Covered Person defending any claim, demand, action, suit or

proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall be determined that the Covered Person is not entitled to be indemnified as authorized in this Section 20.

(d) A Covered Person shall be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Company by any Person as to matters the Covered Person reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, or any other facts pertinent to the existence and amount of assets from which distributions to the Member might properly be paid.

(e) To the extent that, at law or in equity, a Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Company or to any other Covered Person, a Covered Person acting under this Agreement shall not be liable to the Company or to any other Covered Person for its good faith reliance on the provisions of this Agreement or any approval or authorization granted by the Company or any other Covered Person. The

provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, are agreed by the Member to replace such other duties and liabilities of such Covered Person.

(f) The foregoing provisions of this Section 20 shall survive any termination of this Agreement.

Section 21. Assignment; Resignation; Admission of Additional Members.

(a) The Member shall be entitled to sell, convey, assign, transfer, pledge, grant a security interest in or otherwise dispose of all or any part of its membership interest in the Company subject to the execution and delivery by the Member's assignee of a counterpart signature page to this Agreement; provided, that any assignee of such membership interest shall be (i) an "Affiliate" (as defined in the Collaboration Agreement) of Theravance, Inc., (ii) a Person who succeeds to all or substantially all of the assets of Theravance, Inc., whether by merger, sale of stock, sale of assets or other similar transaction or (iii) a Person whose admission as a Member has been approved in writing by GSK prior to such admission.

(b) One or more additional Members may be admitted to the Company subject to the prior written consent of the Member and the execution and delivery by the additional Member of a counterpart signature page to this Agreement; provided, that each such additional Member shall be (i) an "Affiliate" (as defined in the Collaboration Agreement) of Theravance, Inc., (ii) a Person who succeeds to all or substantially all of the assets of Theravance, Inc., whether by merger, sale of stock, sale of assets or other similar transaction or (iii) a Person whose admission as a Member has been approved in writing by GSK prior to such admission.

(c) The Member shall be entitled to resign subject to the admission of one or more additional Members to the Company pursuant to Section 21(b).

(d) Any reference herein to the "Member" shall include any additional Members pursuant to Section 21(a) or (b).

(e) At any time when there is more than one Member, any action by the Member hereunder shall be by majority vote of the Members on a pro rata basis according to their respective membership interests in the Company (which for the avoidance of doubt shall exclude any Special Member).

Section 22. Dissolution.

(a) Subject to Section 10(j), the Company shall be dissolved and its affairs shall be wound up upon the first to occur of the following: (i) the Member votes for dissolution or (ii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) No other event, including the retirement, insolvency, liquidation, dissolution, insanity, expulsion, Bankruptcy, death, incapacity or adjudication of incompetency of the Member, shall cause the existence of the Company to terminate. Upon the retirement or dissolution of the Member or the occurrence of any other event which terminates the continued membership of the Member in the Company (other than in connection with the transfer by the Member of 100% of its membership interest in the Company in accordance with this Agreement or any other circumstance in which there is already another Member of the Company pursuant to the provisions of this Agreement), each Independent Manager shall become a Special Member of the Company pursuant to Section 6(c) and the business of the Company shall continue in a manner permitted by the Act.

(c) The Bankruptcy of the Member or any Special Member shall not cause the Member or such Special Member to cease to be a member of the Company and upon the occurrence of such an event, the business of the Company shall continue without dissolution. Notwithstanding any other provision of this Agreement, each of the Member and the Special Members waives any right that it might have under Section 18-801(b) of the Act to agree in writing to dissolve the Company upon the Bankruptcy of the Member or the Special Member (as applicable) or the occurrence of any event that causes the Member or the Special Member (as applicable) to cease to be a member of the Company.

(d) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act and that otherwise would not result in a breach of the Collaboration Agreement.

Section 23. Waiver of Partition; Nature of Interest.

Except as otherwise expressly provided in this Agreement and subject to compliance with the requirements of the Collaboration Agreement, to the fullest extent permitted by law, each of the Member and the Special Members hereby irrevocably waives any right or power that the Member or the Special Members might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant

to any applicable law or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up or termination of the Company. Each of the Member and the Special Members shall not have any interest in any specific assets of the Company, and neither the Member nor the Special Members shall have the status of a creditor with respect to any distribution pursuant to Section 17 hereof. The interest of the Member in the Company is personal property.

Section 24. Benefits of Agreement; No Third-Party Rights.

None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of the Company or by any creditor of the Member or any Special Member. Subject to Section 27, nothing in this Agreement shall be deemed to create any right in any Person (other than Covered Persons) not a party hereto, and this Agreement shall not be construed in any respect to be a contract in whole or in part for the benefit of any third Person.

Section 25. Severability of Provisions.

Each provision of this Agreement shall be considered severable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

Section 26. Entire Agreement.

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof.

Section 27. Binding Agreement.

Notwithstanding any other provision of this Agreement, the Member agrees that this Agreement constitutes a legal, valid and binding agreement of the Member, and is enforceable against the Member in accordance with its terms.

Section 28. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES), ALL RIGHTS AND REMEDIES BEING GOVERNED BY SUCH LAWS. THE COURT OF CHANCERY OF THE STATE OF DELAWARE SHALL BE THE SOLE AND EXCLUSIVE FORUM TO HEAR AND DETERMINE ANY SUIT, ACTION OR PROCEEDING, AND TO SETTLE ANY DISPUTES, WHICH MAY ARISE OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

Section 29. Amendments.

(a) This Agreement may be amended, supplemented or otherwise modified by the Member to cure any ambiguity, to correct or supplement any provisions in this Agreement, to

add any provisions to this Agreement, to change this Agreement in any manner or to eliminate any of the provisions in this Agreement subject in each case to Section 10(j).

(b) Any amendment, supplement or other modification to this Agreement shall be in writing. Promptly after the execution of any amendment, supplement or other modification to this Agreement, the Company shall furnish a copy of such amendment, supplement or other modification to the Member.

(c) Promptly after the execution of any amendment, supplement or other modification to the Certificate of Formation, the Company shall cause its filing with the Secretary of State of the State of Delaware.

Section 30. Counterparts.

This Agreement may be executed in any number of counterparts, including by facsimile or other electronic means of communication, each of which shall be deemed an original of this Agreement and all of which together shall constitute one and the same instrument.

Section 31. Notices.

Any notices required to be delivered hereunder shall be in writing and personally delivered, mailed or sent by electronic mail, telefacsimile or other similar form of rapid transmission, and shall be deemed to have been duly given upon receipt (a) in the case of the Company, to the Company at its address in Section 3, (b) in the case of the Member, to the Member at its address as listed on Schedule B attached hereto, (c) in the case of the Managers, at their respective addresses set forth in Schedule B attached hereto, and (d) in the case of any of the foregoing, at such other address as may be designated by written notice to the other party.

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IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Limited Liability Company Agreement of LABA ROYALTY SUB LLC as of the date first above written.

MEMBER:

THERAVANCE, INC.

By: /s/ Bradford J. Shafer
Name: Bradford J. Shafer
Title: Senior Vice President and General Counsel

DEFINITIONS

A. Definitions

When used in this Agreement, the following terms not otherwise defined herein have the following meanings:

"Account Control Agreement" means the Account Control Agreement, dated as of the Initial Closing Date, entered into by and among the Company, the Servicer, the Indenture Trustee and the financial institution identified therein as the "securities intermediary" as defined in Section 8-102 of the UCC and the "bank" as defined in Section 9-102 of the UCC thereunder, and such additional Account Control Agreements as may be entered into following the Initial Closing Date by and among the Company, the Indenture Trustee and such other financial institution, including any substitute Account Control Agreements, relating to the accounts to be established and maintained by the Indenture Trustee pursuant to the Indenture.

"Act" has the meaning set forth in the recital to this Agreement.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such Person.

"Agreement" has the meaning specified in the preamble to this Agreement.

"Bankruptcy" means, with respect to any Person, if (i) such Person makes an assignment for the benefit of creditors, (ii) such Person files a voluntary petition in bankruptcy, (iii) such Person is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding, (iv) such Person files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, or similar relief under any statute, law or regulation, (v) such Person files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, (vi) such Person seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (vii) 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, the proceeding has not been dismissed, or within 90 days after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. With respect to the Member, the foregoing definition of "Bankruptcy" is intended to replace and shall supersede and replace the definition of "Bankruptcy" set forth in Sections 18-101 (1) and 18-304 of the Act.

"Board" or "Board of Managers" means the Board of Managers of the Company excluding the Independent Managers (and a references to a majority of the Board or the Board of

Managers shall mean a majority of the Board or Board of Managers excluding the Independent Managers) unless the consent or approval of the Independent Managers is required under this Agreement in which case the Board means the Board of Managers including the Independent Managers.

"Certificate of Formation" means the Certificate of Formation of the Company, filed with the Secretary of State of the State of Delaware on November 22, 2013.

"Collaboration Agreement" means the Collaboration Agreement, dated November 14, 2002, between Theravance and GSK, as amended on April 11, 2006, and as it may be further amended by the Theravance Collaboration Agreement Amendment, dated as of March 3, 2014.

"Company" has the meaning set forth in the preamble to this Agreement.

"Control" means the possession, directly or indirectly, or the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. "Controlling" and "Controlled" shall have correlative meanings. Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests.

"Covered Persons" has the meaning set forth in Section 20(a) of this Agreement.

"Fiscal Year" has the meaning set forth in Section 7 of this Agreement.

"GSK" means Glaxo Group Limited, a private company limited by shares registered under the laws of England and Wales.

"Indenture" means the Indenture, dated as of the Initial Closing Date, entered into between the Company and the Indenture Trustee, and such additional Indentures as may be entered into following the Initial Closing Date between the Company and the Indenture Trustee, pursuant to which the Company issues one or more Series of Notes backed by the assets and property of the Company identified therein (for which purpose any Indenture may be entered into as a master indenture and the series indenture supplements thereto pursuant to which the Company shall issue multiple series of notes cross-collateralized by a single portfolio of the assets and other property of the Company).

"Indenture Trustee" means U.S. Bank National Association, a national banking association, in its capacity as the indenture trustee under the Indenture to be entered into by the Company on the Initial Closing Date, and U.S. Bank National Association or such other Person as may be identified as the indenture trustee under such additional Indentures as may be entered into by the Company following the Initial Closing Date.

"Independent Manager" means a natural person who, (A) (1) has prior experience as an independent director, independent manager or independent member with at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective

businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and (2) is provided by

CICS, LLC, CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company SP Services, Inc., Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional independent managers, another nationally-recognized company reasonably approved by the Member, in each case that is not an Affiliate of the Company and that provides professional independent managers and other corporate services in the ordinary course of its business, (B) is not, and has not been for a period of five years prior to his or her appointment as an independent manager of the Company: (1) a stockholder (whether direct, indirect or beneficial), counterparty under a contract for commercial services, advisor or supplier of the Member or any of its Affiliates (the "Parent Group"), (2) a director, officer, employee, partner, attorney or consultant of the Parent Group, (3) a person related to any person referred to in clause (1) or (2) above, (4) a person or other entity controlling or under common control with any such stockholder, partner, counterparty under a contract for commercial services, supplier, employee, officer or director or (5) a trustee, conservator or receiver for any member of the Parent Group and (C) shall not at any time serve as a trustee in bankruptcy for the Company, the Member or any Affiliate thereof, and shall insure that (v) no resignation or removal of an Independent Manager shall be effective until a successor Independent Manager is appointed and such successor shall have accepted his or her appointment as an Independent Manager by a written instrument, (w) at least two members of the Board of Managers shall be Independent Managers, (x) the Board of Managers shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Company or consent to an involuntary bankruptcy petition with respect to the Company unless a unanimous vote of the Board of Managers (which vote shall include the affirmative vote of the Independent Managers) shall approve the taking of such action in writing prior to the taking of such action, (y) the Board of Managers shall not vote on any matter requiring the vote of its Independent Managers under its limited liability company agreement unless and until each Independent Manager is then serving on the Board of Managers and (z) the provisions requiring Independent Managers and the provisions described in clauses (x) and (y) of this definition cannot be amended without the prior written consent of the Member.

"Initial Closing Date" means April 17, 2014.

"Management Agreement" means the agreement of the Managers in the form attached hereto as Schedule C.

"Managers" means the managers elected to the Board of Managers from time to time by the Member, including the Independent Managers.

"Member" has the meaning specified in the preamble to this Agreement for which purpose the term "Member" shall not be deemed to include any Special Member.

"Officer" means an officer of the Company described in Section 12(a).

"Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any governmental authority.

"Sale and Contribution Agreement" means the Sale and Contribution Agreement, dated as of the Initial Closing Date, entered into between Theravance and the Company.

"Series of Notes" or "Notes" means each series of notes issued by the Company from time to time pursuant to the related Indenture.

"Servicer" means Theravance, in its capacity as the servicer under the Servicing Agreements and its permitted successors and assigns in such capacity.

"Servicing Agreement" means the Servicing Agreement, dated as of the Initial Closing Date, between the Company and the Servicer, and such additional Servicing Agreements that may be entered into between the Company and the Servicer following the Initial Closing Date, pursuant to which the Servicer shall manage and service the assets and property of the Company identified therein.

"Special Member" means, upon the admission to the Company as a member of the Company, any such Person acting as an Independent Manager who is designated pursuant to Section 6(c), such Person, in its capacity as a member of the Company. A Special Member shall only have the rights and duties expressly set forth in this Agreement.

"Specified Action" means to institute or participate in proceedings to have the Company be adjudicated bankrupt or insolvent, or to consent to the institution of bankruptcy or insolvency proceedings against the Company or to file a petition seeking, or to consent to, reorganization, liquidation or relief with respect to the Company under any applicable federal or state law relating to bankruptcy, insolvency, reorganization or dissolution or to consent to the appointment of a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Company or a substantial part of its property, or to make any assignment for the benefit of creditors of the Company, or to admit in writing the Company's inability to pay its debts generally as they become due, or, to the fullest extent permitted by law, take action in furtherance of any such action.

"Theravance" means Theravance, Inc., a Delaware corporation.

"Transaction Documents" means this Agreement, the Indenture, the Notes, the Servicing Agreement, the Account Control Agreement, the Sale and Contribution Agreement, and any other documents that are identified as "Transaction Documents" in the Indenture for any Series of Notes outstanding and all other agreements, instruments, orders, certificates, notices, financing statements and other documents entered into or delivered in connection therewith.

"UCC" means the Uniform Commercial Code as in effect in the State of Delaware or other relevant jurisdiction, as amended and in effect from time to time.

B. Rules of Construction

Definitions in this Agreement apply equally to both the singular and plural forms of the defined terms. The words “include” and “including” shall be deemed to be followed by the phrase “without limitation.” The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section, paragraph or

subdivision. The Section titles appear as a matter of convenience only and shall not affect the interpretation of this Agreement. All Section, paragraph, clause or Schedule references not attributed to a particular document shall be references to such parts of this Agreement. Any reference herein to an agreement or other document shall refer to such agreement or other document as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

SCHEDULE B

MEMBER

Name	Mailing Address
Theravance, Inc.	901 Gateway Boulevard South San Francisco, California 94080 Attention: Bradford J. Shafer, Senior Vice President & General Counsel Facsimile: (650) 808-6095 Phone: (650) 808-6171 Email: bshafer@theravance.com

MANAGERS

Name	Mailing Address
Rick E Winningham	901 Gateway Boulevard South San Francisco, California 94080 Facsimile: (650) 808-6095 Phone: (650) 808-3777 Email: rwinningham@theravance.com
Michael W. Aguiar	901 Gateway Boulevard South San Francisco, California 94080 Facsimile: (650) 808-6095 Phone: (650) 808-4066 Email: maguiar@theravance.com
Bradford J. Shafer	901 Gateway Boulevard South San Francisco, California 94080 Facsimile: (650) 808-6095 Phone: (650) 808-6171 Email: bshafer@theravance.com
Orlando Figueroa	Lord Securities Corporation 48 Wall Street, 27th floor New York, New York 10005 Facsimile: (212) 346-9012 Phone: (212) 346-9000 Email: Orlando.Figueroa@lordspv.com

Dewen Tarn	Lord Securities Corporation 48 Wall Street, 27th floor New York, New York 10005 Facsimile: (212) 346-9012 Phone: (212) 346-9000 Email: Dewen.Tarn@lordspv.com

OFFICERS

Name	Title

Rick E Winningham	President
Bradford J. Shafer	Secretary
Michael W. Aguiar	Treasurer

Initial Capital Contribution of the Member: $1,000

SCHEDULE C

FORM OF MANAGEMENT AGREEMENT

[DATE]

LABA ROYALTY SUB LLC
901 Gateway Boulevard, c/o Theravance, Inc.,
South San Francisco, California 94080

Re: Management Agreement
LABA ROYALTY SUB LLC

Ladies and Gentlemen:

For good and valuable consideration, each of the undersigned persons, who have been designated as managers of LABA ROYALTY SUB LLC, a Delaware limited liability company (the "Company"), in accordance with the Limited Liability Company Agreement of the Company, dated as of April 17, 2014 (as the same may be amended, supplemented or otherwise modified from time to time, the "LLC Agreement") attached hereto as Exhibit A, hereby agree as follows:

1. Each of the undersigned agrees to the terms and conditions of the LLC Agreement.

2. Each of the undersigned accepts such person's rights and authority as a Manager under the LLC Agreement and agrees to perform and discharge such person's duties and obligations as a Manager under the LLC Agreement, and further agrees that such rights, authorities, duties and obligations under the LLC Agreement shall continue until such person's successor as a Manager is designated or until such person's resignation or removal as a Manager in accordance with the LLC Agreement. Each of the undersigned agrees and acknowledges that it, he or she has been designated as a "manager" of the Company within the meaning of Section 18-101(10) of the Delaware Limited Liability Company Act. Without limitation of the foregoing, each of the undersigned identified as an "Independent Manager" hereby acknowledges and agrees that his or her duties as a Manager are strictly limited to those assigned to the Independent Managers pursuant to the LLC Agreement including, without limitation, to be appointed as a Special Member to exercise the rights and perform the duties of a Special Member set forth in Section 6(c) of the LLC Agreement in the circumstances set forth in Section 6(c) of the LLC Agreement.

3. Each of the undersigned agrees, solely in its, his or her capacity as a creditor of the Company on account of any indemnification or other payment owing to the undersigned by the Company, not to acquiesce, petition or otherwise invoke or cause the Company to invoke the process of any court or governmental authority for the purpose of commencing or sustaining a case against the Company under any federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian,

sequestrator or other similar official of the Company or any substantial part of the property of the Company, or ordering the winding up or liquidation of the affairs of the Company.

4. THIS MANAGEMENT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES), ALL RIGHTS AND REMEDIES BEING GOVERNED BY SUCH LAWS. THE COURT OF CHANCERY OF THE STATE OF DELAWARE SHALL BE THE SOLE AND EXCLUSIVE FORUM TO HEAR AND DETERMINE ANY SUIT, ACTION OR PROCEEDING, AND TO SETTLE ANY DISPUTES, WHICH MAY ARISE OUT OF OR IN CONNECTION WITH THIS MANAGEMENT AGREEMENT.

Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the LLC Agreement.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed this Management Agreement as of the day and year first above written.

Name: Rick E. Winningham
Title: Manager

Name: Michael W. Aguiar
Title: Manager

Name: Bradford J. Shafer
Title: Manager

Name: Orlando Figueroa
Title: Independent Manager

Name: Dewen Tarn
Title: Independent Manager

Exhibit A

Limited Liability Company Agreement
of
LABA Royalty Sub LLC

ANNEX A
RULES OF CONSTRUCTION AND DEFINED TERMS

Unless the context otherwise requires, in this Annex A and each Transaction Document (or other document) to which this Annex A is attached:

(a) A term has the meaning assigned to it and an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP.

(b) Unless otherwise defined, all terms that are defined in the UCC shall have the meanings stated in the UCC.

(c) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders.

(d) The definitions of terms shall apply equally to the singular and plural forms of the terms defined.

(e) The terms “include”, “including” and similar terms shall be construed as if followed by the phrase “without limitation”.

(f) Unless otherwise specified, references to an agreement or other document include references to such agreement or document as from time to time amended, restated, reformed, supplemented or otherwise modified in accordance with the terms thereof (subject to any restrictions on such amendments, restatements, reformations, supplements or modifications set forth in this Annex A or any Transaction Document (or other document)) and include any Annexes, Exhibits and Schedules attached thereto.

(g) References to any Applicable Law shall include such Applicable Law as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(h) References to any Person shall be construed to include such Person’s successors and permitted assigns (subject to any restrictions on assignment, transfer or delegation set forth in this Annex A or any Transaction Document (or other document)), and any reference to a Person in a particular capacity excludes such Person in other capacities.

(i) The word “will” shall be construed to have the same meaning and effect as the word “shall”.

(j) The words “hereof”, “herein”, “hereunder” and similar terms when used in this Annex A or any Transaction Document (or other document) shall refer to this Annex A or such Transaction Document (or other document) as a whole and not to any particular provision hereof or thereof, and Article, Section, Annex, Schedule and Exhibit references herein and therein are references to Articles and Sections of, and Annexes, Schedules and Exhibits to, the relevant Transaction Document (or other document) unless otherwise specified.

(k) In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding”.

(l) References to a class of Notes shall be to the Original Notes, to a class of Subordinated Notes or to a class of Refinancing Notes, as applicable.

(m) References to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors or of security shall be deemed to include, in respect of any jurisdiction other than the State of New York, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors or of security available or appropriate in such jurisdiction as shall most nearly approximate such action, remedy or method of judicial proceeding described or referred to in the relevant Transaction Document (or other document).

(n) Where any payment is to be made, any funds are to be applied or any calculation is to be made under any Transaction Document (or other document) on a day that is not a Business Day, unless such Transaction Document (or other document) otherwise provides, such payment shall be made, such funds shall be applied and such calculation shall be made on the immediately succeeding Business Day, and payments shall be adjusted accordingly, including interest unless otherwise specified; provided, however, that no interest shall accrue in respect of any payments made on Fixed Rate Notes on that succeeding Business Day.

(o) References to any Calculation Date or Relevant Calculation Date, in each case that would be prior to the first Calculation Date that follows the Closing Date, shall be deemed to refer to the Closing Date.

(p) Any reference herein to a term that is defined by reference to its meaning in the Counterparty Agreement shall refer to such term’s meaning in the Counterparty Agreement as in existence on the date of the relevant Transaction Document (or other document) to which this Annex A is attached (and not to any new, substituted or amended version thereof).

“Acceleration Default” means any Event of Default of the type described in Section 4.1(f) of the Indenture.

“Acceleration Notice” means a written notice given after the occurrence and during the continuation of an Event of Default to the Issuer by the Senior Trustee (at the direction of the Controlling Party) or the Controlling Party pursuant to Section 4.2 of the Indenture declaring all Outstanding principal of and accrued and unpaid interest on the Notes to be immediately due and payable.

“Account Control Agreement” or “Control Agreement” means the Account Control Agreement, dated as of the Closing Date, by and among the Issuer, as Grantor, the Servicer and U.S. Bank National Association, as the Secured Party and as the Financial Institution.

"Accounts" means the Collection Account and any other account established and maintained pursuant to Section 3.1 of the Indenture.

"Act" has the meaning set forth in Section 1.3(a) of the Indenture.

"Additional Interest" means, with respect to the Notes, interest accrued on the amount of any interest and Premium, if any, in respect of such Notes that is not paid when due at the Note Interest Rate of such Notes for each Interest Accrual Period until any such unpaid interest or Premium is paid in full, compounded quarterly on each Payment Date, to the fullest extent permitted by Applicable Law.

"Administrative Expenses" means fees, expenses (including indemnities) and other amounts due or accrued with respect to any Payment Date (including, with respect to any Payment Date, any such amounts that were due and not paid on any prior Payment Date) and payable in the following order by the Issuer: *first*, to the Trustee pursuant to the Indenture, *second*, on a *pro rata* basis, the following amounts (excluding indemnities) to the following parties:

(i) the Service Providers, including counsel of the Issuer, for fees and expenses not otherwise included under Transaction Expenses; and

(ii) any other Person in respect of any other fees or expenses permitted under the Indenture and the documents delivered pursuant to or in connection with the Indenture;

and *third*, on a *pro rata* basis, indemnities payable to any Person pursuant to any Transaction Document; *provided*, that for the avoidance of doubt, amounts that are expressly payable to any Person under the Priority of Payments in respect of an amount that is stated to be payable as an amount other than as Administrative Expenses shall not constitute Administrative Expenses; *provided*, *further*, to the extent the payment in full of all Administrative Expenses that were due but not paid on any prior Payment Date is not possible, (i) any Administrative Expenses due to the Trustee shall be paid in full in the order in which they were incurred, and then (ii) any remaining previously unpaid Administrative Expenses shall be paid in the priority set forth above.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, "control" of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative to the foregoing.

"Agent Members" has the meaning set forth in Section 2.10(a) of the Indenture.

"AHYDO Redemption Date" has the meaning set forth in Section 3.8(e) of the Indenture.

"ANORO" means (a) the combination medicine comprising UMEC with VI, with no other therapeutically active component, and explicitly excluding either component as a monotherapy, and which is proposed, as of the date hereof, to be sold under the brand name

"ANORO™ ELLIPTA™", and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate delivery systems and formulations, in each case, with respect to only such combination medicine set forth in clause (a) comprising UMEC with VI, with no other therapeutically active component (and explicitly excluding either component as a monotherapy).

"ANORO Royalty Payment":

(a) means the following payments, when, as and if received by the Transferor under the Counterparty Agreement (or the Issuer as the Transferor's assignee under the Sale and Contribution Agreement) during the Royalty Payment Term, subject to clauses (b) and (c) of this definition:

(i) royalty payments on any global Net Sales of ANORO by the Counterparty, its Affiliates and their licensees (and their licensees' Affiliates) to Third Parties (as "Affiliates" and "Third Parties" are defined in the Counterparty Agreement) pursuant to Section 6.3 of the Counterparty Agreement;

(ii) any interest on amounts referred to in clause (a)(i) immediately above that is paid pursuant to Section 6.8 of the Counterparty Agreement;

(iii) any Infringement Payments with respect to ANORO in lieu of the payments referred to in clause (a)(i) immediately above; and

(iv) any Other Amounts with respect to ANORO in lieu of the payments referred to in clause (a)(i) immediately above.

(b) The payments and amounts set forth in clause (a) above of this definition are subject to the reductions, deductions and offsets contemplated by Sections 6.3, 6.4.1 and 6.9 of the Counterparty Agreement.

(c) The payments and amounts set forth in clause (a) above of this definition do not include (i) any signing payments (including any signing payments pursuant to Section 6.1.1 of the Counterparty Agreement), (ii) any one-time fees for new compounds contributed to the collaboration (including any one-time fee payments from the Counterparty to the Transferor pursuant to Section 6.1.3 or 6.1.4 of the Counterparty Agreement), (iii) any milestone payments pursuant to Section 6.2.2 of the Counterparty Agreement, or (iv) any other payments (other than those expressly identified in clause (a) above of this definition), in the case of clauses (i), (ii), (iii) and (iv) of this clause (c), paid to the Transferee relating to ANORO.

"Applicable Law" means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

"Applicable Procedures" means the provisions of the rules and procedures of DTC, the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream, as in effect from time to time.

"Applicable Treasury Rate" for any Redemption Date means the interest rate (expressed as a semiannual decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined on the fourth Business Day prior to such Redemption Date to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Expected Maturity Date and trading in the public securities markets either (a) as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities trading in the public securities markets, (i) one maturing as close as possible to, but earlier than, the Expected Maturity Date and (ii) the other maturing as close as possible to, but later than, the Expected Maturity Date, in each case as published in the most recent H.15 (519) or (b) if a weekly average yield to maturity for United States Treasury securities maturing on the Expected Maturity Date is reported in the most recent H.15 (519), such weekly average yield to maturity as published in such H.15 (519).

"Applicants" has the meaning set forth in Section 6.13 of the Indenture.

"Authorized Agent" means, with respect to the Notes, any authorized Calculation Agent, Paying Agent, Transfer Agent or Registrar acting as such for the Notes.

"Authorized Parties" has the meaning set forth in Section 7(a) of the Account Control Agreement.

"Available Collections Amount" means, for any Payment Date, the sum of (a) the amount of Dollars on deposit in the Collection Account as of the Calculation Date preceding such Payment Date and (b) the amount of any investment income on amounts on deposit in the Accounts as of such Calculation Date.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Bankruptcy Event" means the occurrence of any of the following in respect of a Person: (a) an admission in writing by such Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors; (b) the filing of any petition or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any Applicable Law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar Applicable Law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for such Person or for any substantial part of its property; (c) corporate or other entity action taken by such Person to authorize any of the actions set forth in clause (a) or clause (b) above; or (d) without the consent or acquiescence of such Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar Applicable Law, or the filing of any such petition against such Person, or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, custodian, receiver or liquidator of such Person or of all or any substantial part of the property of such

Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof.

"Beneficial Holder" means any Person that holds a Beneficial Interest in any Global Note through an Agent Member.

"Beneficial Interest" means any beneficial interest in any Global Note, whether held directly by an Agent Member or held indirectly through an Agent Member's beneficial interest in such Global Note.

"Board of Managers" means the board of managers of the Issuer as constituted pursuant to the Issuer's limited liability company agreement.

"BREO/RELVAR" means (a) the combination medicine comprising FF and VI, with no other therapeutically active component, and explicitly excluding either component as a monotherapy, and which is proposed, as of the date hereof, to be sold under the brand name "BREO® ELLIPTA®" in the United States and "RELVAR® ELLIPTA®" in the European Union and Japan, and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate delivery systems and formulations, in each case, with respect only to such combination medicine set forth in clause (a) comprising FF and VI, with no other therapeutically active component (and explicitly excluding either component as a monotherapy).

"BREO/RELVAR Royalty Payment":

(a) means the following payments, when, as and if received by the Transferor under the Counterparty Agreement (or the Issuer as the Transferor's assignee under the Sale and Contribution Agreement) during the Royalty Payment Term, subject to clauses (b) and (c) of this definition:

(i) royalty payments on any global Net Sales of BREO/RELVAR by the Counterparty, its Affiliates and their licensees (and their licensees' Affiliates) to Third Parties (as "Affiliates" and "Third Parties" are defined in the Counterparty Agreement) pursuant to Section 6.3 of the Counterparty Agreement;

(ii) any interest on amounts referred to in clause (a)(i) immediately above that is paid pursuant to Section 6.8 of the Counterparty Agreement;

(iii) any Infringement Payments with respect to BREO/RELVAR in lieu of the payments referred to in clause (a)(i) immediately above; and

(iv) any Other Amounts with respect to BREO/RELVAR in lieu of the payments referred to in clause (a)(i) immediately above.

(b) The payments and amounts set forth in clause (a) above of this definition are subject to the reductions, deductions and offsets contemplated by Sections 6.3, 6.4.1 and 6.9 of the Counterparty Agreement.

(c) The payments and amounts set forth in clause (a) above of this definition do not include (i) any signing payments (including any signing payments pursuant to Section 6.1.1 of the Counterparty Agreement), (ii) any one-time fees for new compounds contributed to the collaboration (including any one-time fee payments from the Counterparty to the Transferor pursuant to Section 6.1.3 or 6.1.4 of the Counterparty Agreement), (iii) any milestone payments pursuant to Section 6.2.2 of the Counterparty Agreement, or (iv) any other payments (other than those expressly identified in clause (a) above of this definition), in the case of clauses (i), (ii), (iii) and (iv) of this clause (c), paid to the Transferee relating to BREO/RELVAR.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York, or Los Angeles, California or the city in which the Corporate Trust Office of the Trustee is located (which as of the Closing Date will be Boston, Massachusetts) are authorized or required by Applicable Law to remain closed.

"Calculation Agent" means U.S. Bank National Association, a national banking association, as Calculation Agent under the Indenture, and any successor appointed pursuant to Section 2.3 of the Indenture.

"Calculation Date" means, for any Payment Date, the fifth Business Day preceding such Payment Date.

"Calculation Date Information" means, with respect to any Calculation Date, the information provided by the Servicer under Section 3.1(f)(v) of the Servicing Agreement with respect to such Calculation Date.

"Calculation Report" has the meaning set forth in Section 3.4(b) of the Indenture.

"Capital Securities" means, with respect to any Person, all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Closing Date, including common shares, ordinary shares, preferred shares, membership interests or share capital in a limited liability company or other Person, limited or general partnership interests in a partnership, beneficial interests in trusts or any other equivalent of such ownership interest or any options, warrants and other rights to acquire such shares or interests, including rights to allocations and distributions, dividends, redemption payments and liquidation payments.

"Cede" has the meaning set forth in Section 2.1(b) of the Indenture.

"Change of Control" means, with respect to the Equityholder (or any parent entity of the Equityholder), any merger, consolidation or amalgamation (or any transaction substantially similar to any of the foregoing) with, or, in the case of clause (a) below, a sale of all or substantially all of the assets of the Equityholder (or such parent entity) to, any other Person if the Equityholder (or such parent entity) (a) is not the continuing or surviving entity but the continuing or surviving entity shall have assumed all of the obligations of the Equityholder under the Transaction Documents to which the Equityholder is a party immediately prior to such transaction, or (b) is the continuing or surviving entity.

"Clearing Agency" means an organization registered as a "clearing agency" pursuant to Section 17A of the Exchange Act or any successor provision thereto or Euroclear or Clearstream.

"Clearing Agency Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time a Clearing Agency effects book-entry transfers and pledges of securities deposited with the Clearing Agency.

"Clearstream" means Clearstream Banking, a French société anonyme.

"Closing" has the meaning set forth in Section 6.1 of the Sale and Contribution Agreement.

"Closing Date" means April 17, 2014.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Collaboration Payments" means any amount payable to the Issuer by the Counterparty pursuant to the Counterparty Agreement.

"Collateral" has the meaning set forth in the Granting Clauses of the Indenture.

"Collateral Account" has the meaning set forth in Section 1(a) of the Account Control Agreement.

"Collection Account" has the meaning set forth in Section 3.1(a) of the Indenture.

"Concentration Account" means account number 6745037900 established at U.S. Bank National Association and identified by the name of LABA Royalty Sub LLC-Concentration Account, or any successor account.

"Confidential Information" means, as it relates to the Transferor and its "Affiliates" (as defined for this purpose in the Counterparty Agreement), the Products and the Excluded Products, all information, data and know-how (whether written or oral, or in electronic or other form) involving or relating in any way, directly or indirectly, to the Products, the Excluded Products, the Master Agreement, the Counterparty Agreement, the Transferred Assets, the Royalty Payments or any other payments under the Counterparty Agreement, including (a) any license, sublicense, assignment, product development, royalty, sale, supply or other agreements (including the Master Agreement and the Counterparty Agreement) involving or relating in any way, directly or indirectly, to the Transferred Assets, the Royalty Payments, any other payments under the Counterparty Agreement or the intellectual property, compounds or products giving

rise to the Transferred Assets, and including all terms and conditions thereof and the identities of the parties thereto, (b) any reports, data, materials or other documents of any kind concerning or relating in any way, directly or indirectly, to the Transferor, the Products, the Excluded Products, the Master Agreement, the Counterparty Agreement, the Transferred Assets, the Royalty Payments, any other payments under the Counterparty Agreement or the intellectual property, compounds or products giving rise to the Transferred Assets, and including reports, data, materials or other documents of any kind delivered pursuant to or under any of the agreements

referred to in clause (a) above, and (c) any inventions, devices, improvements, formulations, discoveries, compositions, ingredients, patents, patent applications, know-how, processes, trial results, research, developments or any other intellectual property, trade secrets or information involving or relating in any way, directly or indirectly, to the Transferred Assets or the compounds or products giving rise to the Transferred Assets; provided, however, that Confidential Information shall not include information that is (i) already in the public domain at the time information, data and know-how is disclosed other than as a result of disclosure in violation of the confidentiality undertakings in the Sale and Contribution Agreement or (ii) lawfully obtained from other sources on a non-confidential basis.

"Confidentiality Agreement" means, with respect to Noteholders or Beneficial Holders at the Closing Date with respect to the Original Notes (or, with respect to Noteholders or Beneficial Holders with respect to any Subordinated Notes or any Refinancing Notes), a confidentiality agreement for the benefit of the Issuer provided in each case to the Registrar on or prior to the Closing Date (or on or prior to the date of issuance of any such Subordinated Notes or Refinancing Notes), and otherwise means a confidentiality agreement for the benefit of the Issuer substantially in the form of Exhibit B to the Indenture or substantially in the form of any confidentiality agreement referenced in Schedule 1 to each Purchase Agreement; provided, that such Confidentiality Agreement shall include a certification from each prospective purchaser of the Notes or a beneficial interest therein that is a signatory thereto that it is not a Restricted Party.

"Controlling Party" means Noteholders holding more than 50% of the aggregate Outstanding Principal Balance of the Senior Class of Notes which for the avoidance of doubt shall exclude Notes held by any Person that has not delivered a Confidentiality Agreement or a written certification to the Trustee in the form attached as Exhibit H to the Indenture in which such Person certifies it is not a Restricted Party; provided, that for purposes of calculating whether the definition of "Controlling Party" has been satisfied, the Notes beneficially owned by Theravance and any of its Affiliates shall be excluded from this calculation. For the avoidance of doubt, the transfer of an interest in the Notes to a Non-Permitted Holder shall be deemed null and void for all purposes under the Indenture including from this calculation.

"Corporate Trust Office" means the office of the Trustee in the city at which at any particular time the Trustee's duties under the Transaction Documents shall be principally administered and, on the Closing Date, shall be U.S. Bank National Association, One Federal Street, 3rd Floor, Boston, Massachusetts 02110, Attention: Corporate Trust Services (LABA Royalty Sub LLC).

"Counterparty" means Glaxo Group Limited, a private company limited by shares registered under the laws of England and Wales.

"Counterparty Agreement" means that certain Collaboration Agreement, dated as of November 14, 2002, as amended by the Letter Agreement, dated as of April 11, 2006, as amended by the First Assignment Agreement, dated as of November 30, 2009, as amended by the Second Assignment Agreement, dated as of March 8, 2010, as amended by the Third Assignment Agreement, dated as of March 8, 2010, and as amended by the Theravance Collaboration Agreement Amendment, dated as of March 3, 2014, by and between Theravance and the Counterparty.

"Counterparty Agreement Guarantee" means the Guarantee, dated as of the Closing Date, by Theravance in favor of the Counterparty with respect to the performance by the Issuer of the Counterparty Agreement delivered pursuant to the Collaboration Agreement.

"Counterparty Instruction" means the irrevocable direction to the Counterparty in the form set forth in Exhibit A to the Sale and Contribution Agreement.

"Default" means a condition, event or act that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Definitive Notes" has the meaning set forth in Section 2.11(n) of the Indenture.

"Direction" means any direction, consent, request, demand, authorization, notice, waiver or other Act.

"Distribution Report" has the meaning set forth in Section 2.13(a) of the Indenture.

"Dollar" or the sign "$" means United States dollars.

"DTC" means The Depository Trust Company, its nominees and their respective successors.

"Eligibility Requirements" has the meaning set forth in Section 2.3(c) of the Indenture.

"Eligible Account" means a trust account maintained on the books and records of an Eligible Institution in the name of the Issuer.

"Eligible Institution" means any bank organized under the laws of the U.S. or any state thereof or the District of Columbia (or any domestic branch of a foreign bank), which at all times has either (a) a long-term unsecured debt rating of at least A2 by Moody's and A by S&P or (b) a certificate of deposit rating of at least P-1 by Moody's and A-1 by S&P.

"Eligible Investments" means, in each case, book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form that evidence:

(a) direct obligations of, and obligations fully Guaranteed as to timely payment of principal and interest by, the U.S. or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the U.S. (having original maturities of no more than 365 days or such lesser time as is required for the distribution of funds); or

(b) demand deposits, time deposits or certificates of deposit of the Trustee or of depositary institutions or trust companies organized under the laws of the U.S. or any state thereof or the District of Columbia (or any domestic branch of a foreign bank) with capital and surplus of not less than $500,000,000 (i) having original maturities of no more than 365 days or such lesser time as is required for the distribution of funds; provided, that, at the time of investment or contractual commitment to invest therein, the short-term debt rating of such depositary institution or trust company shall be at least P-1 by Moody's and A-1 by S&P or (ii)

having maturities of more than 365 days and, at the time of the investment or contractual commitment to invest therein, a rating of at least A2 by Moody's and A by S&P;

provided, however, that no investment shall be made in any obligations of any depositary institution or trust company that is identified in a written notice to the Trustee from the Issuer or the Servicer as having a contractual right to set off and apply any deposits held, or other indebtedness owing, by the Issuer to or for the credit or the account of such depositary institution or trust company, unless such contractual right by its terms expressly excludes all Eligible Investments.

"Equityholder" means, as of any date of determination, the holder or holders of the Capital Securities of the Issuer as of such date (which as of the Closing Date shall be Theravance).

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"Event of Default" has the meaning set forth in Section 4.1 of the Indenture.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the regulations thereunder.

"Excluded Products" means any therapeutically active component or product, whether as a monotherapy, combination product or otherwise, and any delivery devices (whether stand-alone or with any one or more therapeutically active components or products), other than the Products. "Excluded Products" includes, by way of example:

(a) UMEC, as a monotherapy or in a combination product (other than UMEC and VI, with no other therapeutically active component), including a combination product that includes (i) UMEC, (ii) VI and (iii) at least one other therapeutically active component;

(b) FF, as a monotherapy or in a combination product (other than FF and VI, with no other therapeutically active component), including a combination product that includes (i) FF, (ii) VI and (iii) at least one other therapeutically active component;

(c) VI, in any product other than (i) ANORO, (ii) BREO/RELVAR and (iii) VI Monotherapy; and

(d) any other therapeutically active component or product (including a combination product of two or more therapeutically active components not expressly specified in the definition of each of ANORO, BREO/RELVAR and VI Monotherapy).

"Excluded Property" means the accounts and other assets and property of the Issuer that are not part of the Collateral. Excluded Property includes the Counterparty Agreement and the rights of the Issuer under the Counterparty Agreement (including any residual intellectual property rights of the Issuer that may arise under the Counterparty Agreement).

"Excluded Rights and Obligations" means all of the Transferor's rights and obligations under the Counterparty Agreement relating to any product developed and commercialized under the Counterparty Agreement other than the Products, including (i) the right to appoint members and substitute members to the Joint Steering Committee (as defined in the Counterparty Agreement) and the Joint Product Committee (as defined in the Counterparty Agreement) pursuant to Sections 3.1.2 and 3.2.2 of the Counterparty Agreement and (ii) the TRC LLC Rights and Obligations.

"Expected Maturity Date" means November 15, 2019.

"FDA" means the U.S. Food and Drug Administration and any successor agency thereto.

"FF" means the inhaled corticosteroid fluticasone furoate or an ester, salt or other noncovalent derivative thereof.

"Final Legal Maturity Date" means, with respect to (a) the Original Notes, May 15, 2029, and (b) with respect to any Subordinated Notes or Refinancing Notes, the date specified in the indenture supplemental to the Indenture providing for their issuance; provided, that the Final Legal Maturity Date with respect to any Subordinated Notes where the proceeds thereof are not used to redeem or refinance all of the Outstanding Original Notes (or any Refinancing Notes in respect thereof) shall be no earlier than May 15, 2029.

"Financial Institution" has the meaning set forth in the preamble to the Account Control Agreement.

"Fixed Rate Notes" means (a) the Original Notes and (b) any Subordinated Notes or Refinancing Notes issued with a fixed rate of interest.

"Floating Rate Notes" means any Subordinated Notes or Refinancing Notes issued with a floating or variable rate of interest.

"Foreign Purchasers" means prospective purchasers of Original Notes that are Non-U.S. Persons, including dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial holders (other than an estate or trust).

"GAAP" means generally accepted accounting principles in effect in the United States from time to time.

"Global Notes" means any Rule 144A Global Note, IAI Global Note and Regulation S Global Note.

"Governmental Authority" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority (including supranational authority), commission, instrumentality, regulatory body, court, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including each patent office, the FDA and any other government authority in any jurisdiction.

"Grant" means to grant, bargain, sell, warrant, alienate, remise, demise, release, convey, assign, transfer, mortgage, pledge, create and grant a security interest in, deposit, set over and confirm. A Grant of any item of the Collateral shall include all rights, powers and options (but none of the obligations) of the granting party thereunder, including the immediate and continuing right to claim for, collect, receive and give receipt for principal and interest payments in respect of such item of the Collateral, and all other monies payable thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring any suit in equity, action at law or other judicial or administrative proceeding in the name of the granting party or otherwise, and generally to do and receive anything that the granting party may be entitled to do or receive thereunder or with respect thereto.

"Grantor" has the meaning set forth in the preamble to the Account Control Agreement.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation of such other Person or (b) entered into for purposes of assuring in any other manner the obligee of such indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" when used as a verb has a corresponding meaning.

"H.15 (519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System, and the most recent H.15 (519) is the H.15 (519) published prior to the close of business on the fourth Business Day prior to the applicable Redemption Date.

"HMRC" mean the non-ministerial department of the government of the United Kingdom responsible for the collection of taxes named Her Majesty's Revenue and Customs.

"Holder" or "Noteholder" means any Person in whose name a Note is registered from time to time in the Register for such Note.

"IAI" or "Institutional Accredited Investor" means a Person that is an accredited investor as that term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act.

"IAI Global Note" has the meaning set forth in Section 2.1(b) of the Indenture.

"IAI/QP" has the meaning set forth in Section 2.1(b) of the Indenture.

"Important Section 3(c)(7) Notice" has the meaning specified in Section 2.17(a) of the Indenture.

"Indenture" means that certain indenture, dated as of the Closing Date, by and between the Issuer and the Trustee.

"Independent Manager" means a natural person who, (A) (1) has prior experience as an independent director, independent manager or independent member with at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and (2) is provided by CICS, LLC, CT Corporation, Corporation Service Company, National Registered Agents, Inc., Wilmington Trust Company SP Services, Inc., Stewart Management Company, Lord Securities Corporation or, if none of those companies is then providing professional independent managers, another nationally-recognized company reasonably approved by the Equityholder, in each case that is not an Affiliate of the Issuer and that provides professional independent managers and other corporate services in the ordinary course of its business, (B) is not, and has not been for a period of five years prior to his or her appointment as an independent manager of the Issuer: (1) a stockholder (whether direct, indirect or beneficial), counterparty under a contract for commercial services, advisor or supplier of the Equityholder or any of its Affiliates (the "Parent Group"), (2) a director, officer, employee, partner, attorney or consultant of the Parent Group, (3) a person related to any person referred to in clause (1) or (2) above, (4) a person or other entity controlling or under common control with any such stockholder, partner, counterparty under a contract for commercial services, supplier, employee, officer or director or (5) a trustee, conservator or receiver for any member of the Parent Group and (C) shall not at any time serve as a trustee in bankruptcy for the Issuer, the Equityholder or any Affiliate thereof, and shall insure that (v) no resignation or removal of an Independent Manager shall be effective until a successor Independent Manager is appointed and such successor shall have accepted his or her appointment as an Independent Manager by a written instrument, (w) at least two members of the Issuer's Board of Managers shall be Independent Managers, (x) the Issuer's Board of Managers shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Issuer or consent to an involuntary bankruptcy petition with respect to the Issuer unless a unanimous vote of the Issuer's Board of Managers (which vote shall include the affirmative vote of the Independent Managers) shall approve the taking of such action in writing

prior to the taking of such action, (y) the Issuer's Board of Managers shall not vote on any matter requiring the vote of its Independent Managers under its limited liability company agreement unless and until each Independent Manager is then serving on the Issuer's Board of Managers and (z) the provisions requiring Independent Managers and the provisions described in clauses (x) and (y) of this definition cannot be amended without the prior written consent of the Equityholder.

"Infringement Payments" means any net collections, recoveries, damages, awards or settlement payments that are actually paid to the Transferee (or the Transferor on its behalf) as a result of any settlement discussion, litigation, arbitration or other legal proceeding brought against third-party infringers by the Transferee (or the Transferor on its behalf) pursuant to Article 13 of the Counterparty Agreement, excluding any portion thereof payable to the Counterparty.

"Initial Notice" has the meaning set forth in Section 4.17(a) of the Indenture.

"Interest Accrual Period" means the period beginning on (and including) the Closing Date (or, with respect to any Subordinated Notes or any Refinancing Notes, the date of issuance of such Subordinated Notes or Refinancing Notes) and ending on (but excluding) the first

Payment Date thereafter and each successive period beginning on (and including) a Payment Date and ending on (but excluding) the succeeding Payment Date; provided, however, that the final Interest Accrual Period shall end on but exclude the final Payment Date (or, if earlier, with respect to any class of Notes repaid in full, the date such class of Notes is repaid in full).

"Interest Amount" means, with respect to the Outstanding Principal Balance of any class of Notes, on any Payment Date, the amount of accrued and unpaid interest at the Note Interest Rate with respect to the Outstanding Principal Balance of such class of Notes on such Payment Date (including any Additional Interest, if any), determined in accordance with the terms thereof (including interest accruing after the commencement of a proceeding in bankruptcy, insolvency or similar Applicable Law, whether or not permitted as a claim under such Applicable Law).

"Interest Deferral Period" has the meaning set forth in Section 3.7(a) of the Indenture.

"Interest Shortfall" has the meaning set forth in Section 3.4(a)(ix) of the Indenture.

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended, and the regulations thereunder.

"Involuntary Bankruptcy" means, without the consent or acquiescence of the Issuer, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar Applicable Law, or the filing of any such petition against the Issuer, or, without the consent or acquiescence of the Issuer, the entering of an order appointing a trustee, custodian, receiver or liquidator of the Issuer or of all or any substantial part of the property of the Issuer, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within 90 days from entry thereof.

"IRS" means the U.S. Internal Revenue Service.

"Issuer" means LABA Royalty Sub LLC, a Delaware limited liability company, as issuer of the Notes pursuant to the Indenture.

"Issuer Organizational Documents" means the certificate of formation of the Issuer dated as of November 22, 2013, and the limited liability company agreement of the Issuer dated as of the Closing Date.

"Item" or "Items" has the meaning set forth in Section 4 of the Account Control Agreement.

"Judgment Currency" has the meaning set forth in Section 12.9(e) of the Indenture.

"Legend" has the meaning set forth in Section 2.2(d) of the Indenture.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to

secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

"Loss" means any loss, assessment, award, cause of action, claim, charge, cost, expense (including expenses of investigation and attorneys' fees), fine, judgment, liability, obligation, penalty, or Set-off.

"Manager" means a manager of the Issuer.

"Mandatory Tax Redemption" has the meaning set forth in Section 3.8(e) of the Indenture.

"Master Agreement" means the Master Agreement, dated as of March 3, 2014, among Theravance, Theravance Biopharma, Inc. and the Counterparty.

"Material Adverse Change" means any event, circumstance or change that would reasonably be expected to result, individually or in the aggregate, in a material adverse effect, on (i) the legality, validity or enforceability of any of the Transaction Documents, the Counterparty Agreement or the back-up security interest granted pursuant to the Sale and Contribution Agreement, (ii) the right or ability of Theravance (or any of its permitted assignees under the

Sale and Contribution Agreement), the Issuer or the Servicer to perform any of its obligations under any of the Transaction Documents or the Counterparty Agreement, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents or the Counterparty Agreement, (iii) the rights or remedies of the Issuer under the Transaction Documents or the Counterparty Agreement, (iv) the timing, amount or duration of the Retained Royalty Payments or the right of the Issuer to receive the Retained Royalty Payments, (v) the Collateral, or (vi) the ability of the Trustee to realize the practical benefit of the Collateral.

"Material Adverse Effect" means any one or more of: (a) a material adverse effect on the ability of the Transferor to consummate the transactions contemplated under the Transaction Documents to which it is a party and perform its obligations thereunder, (b) a material adverse effect on the validity or enforceability thereof or the rights of the Transferee thereunder, or (c) a material adverse effect on the ANORO Royalty Payment, the BREO/RELVAR Royalty Payment or the VI Monotherapy Royalty Payment.

"Memorandum" means the final private placement memorandum of the Issuer for the Original Notes dated April 9, 2014.

"Milestone Payment Reserve Account" has the meaning set forth in Section 3.1(e)(iv) of the Servicing Agreement.

"Milestone Payments" means payments Theravance has made and is obligated to make to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business or, if such corporation or its successor shall for any reason no longer perform the functions of a rating agency, "Moody's" shall be deemed to refer to any other nationally

recognized statistical rating organization (within the meaning ascribed thereto by the Exchange Act) designated by the Issuer.

"Net Sales" has the meaning set forth in Section 1.61 of the Counterparty Agreement.

"Nomination Period" has the meaning set forth in Section 4.17(a) of the Indenture.

"Nominee" has the meaning set forth in Section 4.17(a) of the Indenture.

"Non-Permitted Holder" has the meaning set forth in Section 2.19(a) of the Indenture.

"Non-U.S. Person" means a person who is not a U.S. person within the meaning of Regulation S.

"Non-U.S. Person/QP" has the meaning set forth in Section 2.1(b) of the Indenture.

"Note Interest Rate" means, with respect to any class of the Notes for any Interest Accrual Period, the interest rate set forth in such class of Notes for such Interest Accrual Period.

"Note Purchase Price" has the meaning set forth in Section 3.1 of each Purchase Agreement.

"Note Purchasers" has the meaning set forth in Section 1.1 of each Purchase Agreement.

"Notes" means the Original Notes, any Subordinated Notes and any Refinancing Notes.

"Notice of Exclusive Control" has the meaning set forth in Section 7(a) of the Account Control Agreement.

"Notices" means notices, demands, certificates, requests, directions, instructions and communications.

"Observer" has the meaning set forth in Section 4.17(a) of the Indenture.

"Officer's Certificate" means a certificate signed by, with respect to the Issuer, a Responsible Officer of the Issuer and, with respect to any other Person, any officer, director, manager, partner, trustee or equivalent representative of such Person.

"Opinion of Counsel" means a written opinion signed by legal counsel, who may be an employee of or counsel to the Issuer or the Transferor, that meets the requirements of Section 1.2 of the Indenture.

"Optional Redemption" has the meaning set forth in Section 3.8(b) of the Indenture.

"Original Notes" means the LABA PhaRMA℠ 9.0% Fixed Rate Term Notes due 2029 of the Issuer in the initial Outstanding Principal Balance of $450,000,000, substantially in the form of Exhibit A-1, Exhibit A-2, Exhibit A-3 or Exhibit A-4 to the Indenture.

"Other Agreements" has the meaning set forth in Section 3.1 of each Purchase Agreement.

"Other Amounts" means (i) in respect of each of the ANORO Royalty Payment, the BREO/RELVAR Royalty Payment and the VI Monotherapy Royalty Payment, any proceeds (whether cash proceeds or otherwise) other than those in clauses (a)(ii) and (a)(iii) of the definition of each of the foregoing Royalty Payments as, if and when received by the Transferee in lieu of the royalty payments under clause (a)(i) of the definition of each of the foregoing Royalty Payments, including amounts received by the Transferee relating to any damages or penalties or following any court action or out-of-court settlement between the Transferee (or the Transferor on its behalf) and the Counterparty, and in all cases, subject to the reductions, deductions, offsets and exclusions set

forth in clauses (b) and (c) of the definition of each Royalty Payment, (ii) any amounts paid or payable to the Transferee pursuant to the first sentence of Section 2.1(e) of the Sale and Contribution Agreement, and (iii) if a Recharacterization Event has occurred, the proceeds thereof, including any proceeds of assets realized upon foreclosure in connection therewith.

"Other Note Purchasers" has the meaning set forth in Section 3.1 of each Purchase Agreement.

"Other Prices" has the meaning set forth in Section 3.1 of each Purchase Agreement.

"Outstanding" means (a) with respect to the Notes of any class at any time, all Notes of such class theretofore authenticated and delivered by the Trustee except (i) any such Notes cancelled by, or delivered for cancellation to, the Trustee, (ii) any such Notes, or portions thereof, for the payment of principal of and accrued and unpaid interest on which moneys have been distributed to Noteholders by the Trustee and any such Notes, or portions thereof, for the payment or redemption of which moneys in the necessary amount have been deposited in the Collection Account for such Notes; provided, that, if such Notes are to be redeemed prior to the maturity thereof in accordance with the requirements of Section 3.8 of the Indenture, written notice of such Redemption shall have been given and not rescinded as provided in Section 3.9 of the Indenture, or provision satisfactory to the Trustee shall have been made for giving such written notice, and, if Redemption does not occur, then this clause (ii) ceases to apply as of the date that was supposed to be the date of Redemption, (iii) any such Notes in exchange or substitution for which other Notes, as the case may be, have been authenticated and delivered, or which have been paid pursuant to the terms of the Indenture (unless proof satisfactory to the Trustee is presented that any of such Notes is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer), or (iv) any such Notes held by any Holder or Beneficial Holder that has not delivered a Confidentiality Agreement or a written certification to the Trustee in the form attached as Exhibit H to the Indenture in which it has certified that it is not a Restricted Party and (b) when used with respect to any other evidence of indebtedness, at any time, any principal amount thereof then unpaid and outstanding (whether or not due or payable).

"Outstanding Principal Balance" means, with respect to any Note or other evidence of indebtedness Outstanding, the total principal amount of such Note or other evidence of indebtedness unpaid and Outstanding at any time, as determined in the case of the Notes in the

Calculation Report to be provided to the Issuer (or the Servicer) and the Trustee by the Calculation Agent pursuant to Section 3.4 of the Indenture.

"Paying Agent" has the meaning set forth in Section 2.3(a) of the Indenture.

"Payment Date" means February 15, May 15, August 15 and November 15 of each year, commencing with November 15, 2014 and including the Final Legal Maturity Date, or, if such date is not a Business Day, the immediately following Business Day.

"Permanent Regulation S Global Note" has the meaning set forth in Section 2.1(b) of the Indenture.

"Permitted Holder" means (a) the Transferor, (b) the Issuer and (c) any Person (including the Noteholders) that has executed a Confidentiality Agreement and delivered such Confidentiality Agreement to the Registrar in accordance with the terms of the Indenture; provided, that a Restricted Party may not be a Permitted Holder.

"Permitted Lien" means (a) any lien for Taxes, assessments and governmental charges or levies not yet due and payable or that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside on the books of the relevant Person, (b) any Lien created in favor of the Trustee and (c) any other Lien created under or expressly permitted under the Transaction Documents (including any security interest created or required to be created under the Indenture, including in connection with the issuance of any Subordinated Notes and any Refinancing Notes).

"Person" means any natural person, firm, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or any other legal entity, including public bodies, whether acting in an individual, fiduciary or other capacity.

"Placement Agent" means Morgan Stanley & Co. LLC.

"Plan" means (i) an employee benefit plan (within the meaning of Section 3(3) of ERISA) subject to Title I of ERISA, (ii) a plan (within the meaning of Section 4975(e)(1) of the Code) subject to Section 4975 of the Code or (iii) an employee benefit plan subject to any Similar Laws.

"Plan Assets" has the meaning given to such term by Section 3(42) of ERISA and regulations issued by the U.S. Department of Labor, but also includes assets of an employee benefit plan (within the meaning of Section 3(3) of ERISA) subject to Similar Laws.

"Premium" means, with respect to any Note on any Redemption Date, any Redemption Premium, if applicable, or, with respect to any Redemption Date, the portion of the Redemption Price of the Notes being redeemed in excess of the Outstanding Principal Balance of the Notes being redeemed.

"Price" has the meaning set forth in Section 3.1 of each Purchase Agreement.

"Priority of Payments" has the meaning set forth in Section 3.6(a) of the Indenture.

"Products" means ANORO, BREO/RELVAR and VI Monotherapy, and excluding, in each case, all Excluded Products.

"Purchase Agreement" or "Purchase Agreements" means those certain note purchase agreements dated the Closing Date among the Issuer, Theravance and the Note Purchasers named therein; provided, that each such Purchase Agreement shall include a certification from each Note Purchaser party thereto that it is not a Restricted Party.

"Purchase Price" has the meaning set forth in Section 2.2 of the Sale and Contribution Agreement.

"Purchaser" has the meaning set forth in Section 1.1 of each Purchase Agreement.

"QIB" or "Qualified Institutional Buyer" means a "qualified institutional buyer" within the meaning of Rule 144A.

"QIB/QP" has the meaning set forth in Section 2.1(b) of the Indenture.

"Qualified Purchaser" means a "qualified purchaser" under Section 2(a)(51)(A) of the Investment Company Act.

"Receiver" means any Person or Persons appointed as (and any additional Person or Persons appointed or substituted as) administrative receiver, receiver, manager or receiver and manager.

"Recharacterization Event" has the meaning set forth in Section 2.1(d) of the Sale and Contribution Agreement.

"Record Date" means, with respect to each Payment Date, the close of business on the fifteenth day preceding such Payment Date (without regard to whether such date is a Business Day) or, with respect to the date on which any Direction is to be given by the Noteholders, the close of business on the last Business Day prior to the solicitation of the Direction.

"Redemption" means any Optional Redemption and any other redemption of Notes described in Section 3.8(c) of the Indenture.

"Redemption Date" means the date, which may be any Business Day with respect to any Redemption in whole, or any Payment Date with respect to any Redemption in part, on which Notes are redeemed pursuant to a Redemption.

"Redemption Percentage" means the percentage value set forth in the table in the definition of Redemption Price.

"Redemption Premium" means, in the case of any Subordinated Notes or Refinancing Notes, the amount, if any, specified in the Resolution and set forth in any indenture supplemental to the Indenture to be paid in the event of a Redemption of such Subordinated Notes or Refinancing Notes separately from the Redemption Price.

"Redemption Price" means (a) in respect of an Optional Redemption of the Original Notes (i) on any Redemption Date on or prior to April 16, 2015, an amount equal to the greater of (x) the portion of the Outstanding Principal Balance of the Original Notes being redeemed and (y) the present value, discounted at the Applicable Treasury Rate, of the portion of the Outstanding Principal Balance of the Original Notes being redeemed plus 1.00%, of such principal payment amounts and interest at the Note Interest Rate on the Outstanding Principal Balance of the Original Notes being redeemed (assuming the principal balances are amortized at the times and in the assumed amounts set forth in Schedule A to the Indenture), or (ii) on any Redemption Date on or after April 17, 2015, an amount equal to the product of (x) the applicable Redemption Percentage as set forth below and (y) the Outstanding Principal Balance of the Original Notes that are being redeemed on such Redemption Date, plus the accrued and unpaid interest to the Redemption Date on the Original Notes that are being redeemed:

Redemption Date	Redemption Percentage
From and including April 17, 2015 to and including April 16, 2016	105.00%
From and including April 17, 2016 to and including April 16, 2017	102.50%
From and including April 17, 2017 and thereafter	100.00%

and (b) in respect of any Subordinated Notes or Refinancing Notes, the redemption price, if any, plus the accrued and unpaid interest to the Redemption Date on the Subordinated Notes or Refinancing Notes, as the case may be, established by or pursuant to a Resolution and set forth in any indenture supplemental to the Indenture providing for the issuance of such Notes or designated as such in the form of such Notes (any such Redemption Price in respect of any Subordinated Notes or Refinancing Notes may include a Redemption Premium, and such Resolution and indenture supplemental to the Indenture may specify a separate Redemption Premium).

"Reference Date" means, with respect to each Interest Accrual Period for any Floating Rate Notes, the day that is two Business Days prior to the Payment Date on which such Interest Accrual Period commences; provided, however, that the Reference Date with respect to the initial Interest Accrual Period means the date that is two Business Days prior to the date of issuance of such Subordinated Notes or Refinancing Notes.

"Refinancing" has the meaning set forth in Section 2.15(a) of the Indenture.

"Refinancing Expenses" means all Transaction Expenses incurred in connection with an offering and issuance of Refinancing Notes.

"Refinancing Notes" means any class (or sub-class) of Notes issued by the Issuer under the Indenture at any time and from time to time after the Closing Date pursuant to Section 2.15 of the Indenture, the proceeds of which are used to refinance all, but not part, of the Outstanding Principal Balance of a class of Notes.

"Register" has the meaning set forth in Section 2.3(a) of the Indenture.

"Registrar" has the meaning set forth in Section 2.3(a) of the Indenture.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Notes" has the meaning set forth in Section 2.1(b) of the Indenture.

"Regulatory Agency" means a Governmental Authority with responsibility for the approval of the marketing and sale of pharmaceuticals or other regulation of pharmaceuticals in any jurisdiction.

"Regulatory Approvals" means, collectively, all regulatory approvals, registrations, certificates, authorizations, permits and supplements thereto, as well as associated materials (including the product dossier) pursuant to which the Products may be marketed, sold and distributed in a jurisdiction, issued by the appropriate Regulatory Agency.

"Relevant Calculation Date" has the meaning set forth in Section 3.4(a) of the Indenture.

"Relevant Information" means any information provided to the Trustee, the Calculation Agent or the Paying Agent in writing by any Service Provider retained from time to time by the Issuer pursuant to the Transaction Documents.

"Representatives" has the meaning set forth in Section 17.3 of each Purchase Agreement.

"Resolution" means a copy of a resolution certified by a Responsible Officer of the Issuer as having been duly adopted by the Issuer and being in full force and effect on the date of such certification.

"Responsible Officer" means (a) with respect to the Trustee, any officer within the Corporate Trust Office, including any principal, vice president, managing director, director, manager, associate or other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject, (b) with respect to the Transferor, any officer of the Transferor, and (c) with respect to the Issuer, any officer of the Issuer, any Manager or person designated by the governing body of a Manager as a Responsible Officer for purposes of the Transaction Documents.

"Restricted Party" means any of Almirall, AstraZeneca, Boehringer Ingelheim, Chiesi, Forest Laboratories, Merck, Mylan, Novartis, Sandoz, Teva, Theravance Biopharma and any other pharmaceutical or biotechnology company with a product either being developed or commercialized for the treatment of respiratory disease, and their respective Restricted Party Affiliates.

"Restricted Party Affiliate" with respect to any person, means any other person, whether de jure or de facto, which directly or indirectly controls, is controlled by, or is under common control with such person for so long as such control exists, where "control" means the decision-making authority as to such other person and, further, where such control shall be presumed to exist where such other person owns more than fifty percent (50%) of the equity (or such lesser

percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction) having the power to vote on or direct the affairs of the entity.

"Restricted Period" means the Category 3 40-day distribution compliance period applicable to debt offerings of U.S. issuers not subject to the reporting requirements of the Exchange Act set forth in Regulation S.

"Retained Obligation" means the obligation to pay 40% of the remaining Milestone Payments payable to the Counterparty pursuant to Section 6.2.3 of the Counterparty Agreement in connection with the regulatory approval and launch of the Products in the relevant jurisdictions pursuant to the Counterparty Agreement.

"Retained Royalty Payments" means 40% of the ANORO Royalty Payment, 40% of the BREO/RELVAR Royalty Payment and 40% of the VI Monotherapy Royalty Payment when, as and if paid by the Counterparty pursuant to the Counterparty Agreement.

"Royalty Payments" means (a) the ANORO Royalty Payment, (b) the BREO/RELVAR Royalty Payment and (c) the VI Monotherapy Royalty Payment.

"Royalty Payment Term" means, with respect to each Product, the time period commencing on April 1, 2014 and ending, on a country-by-country and product-by-product basis, on the date that the "Term" (as defined in the Counterparty Agreement) expires or terminates with respect to such Product; provided that in the event that the Counterparty Agreement is terminated and the Transferor remains entitled to Royalty Payments under Section 14.6 of the Counterparty Agreement, the Royalty Payment Term with respect to the relevant Product shall be extended until the expiration or termination of such rights under Section 14.6 of the Counterparty Agreement.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Global Note" has the meaning set forth in Section 2.1(b) of the Indenture.

"Sale and Contribution Agreement" means that certain sale and contribution agreement dated as of the Closing Date by and between Theravance, in its capacity as the Transferor thereunder, and the Issuer, in its capacity as the Transferee thereunder.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and any successor thereto or, if such division or its successor shall for any reason no longer perform the functions of a rating agency, "S&P" shall be deemed to refer to any other nationally recognized statistical rating organization (within the meaning ascribed thereto by the Exchange Act) designated by the Issuer.

"SEC" means the U.S. Securities and Exchange Commission.

"Secured Obligations" has the meaning set forth in the Granting Clauses of the Indenture.

"Secured Parties" means each of the Noteholders and the Trustee.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the regulations thereunder.

"Security Interest" means the security interest granted or expressed to be granted in the Collateral pursuant to the Granting Clauses of the Indenture.

"Senior Claim" has the meaning set forth in Section 10.1(a) of the Indenture.

"Senior Class of Notes" means (a) so long as any Original Notes (or any Refinancing Notes in respect of the Original Notes) are Outstanding, the Original Notes (or Refinancing Notes in respect of the Original Notes), or (b) if no Original Notes (or any Refinancing Notes in respect of the Original Notes) are Outstanding, the class or classes (or sub-class or sub-classes) of Subordinated Notes defined as such pursuant to the Resolution(s) and/or indenture(s) supplemental to the Indenture providing for the issuance of such Subordinated Notes.

"Senior Trustee" means the Trustee, acting in its capacity as the trustee of the Senior Class of Notes.

"Service Providers" means the Servicer, the Trustee, the Independent Managers, the Calculation Agent, the Transfer Agent, the Paying Agent, the Registrar, and any outside law firm, accounting firm or other consultant providing services to the Issuer.

"Servicer" means Theravance, in its capacity as the servicer pursuant to the Servicing Agreement and its permitted successors and assigns in such capacity.

"Servicer Termination Event" has the meaning set forth in Section 3.1(c) of the Servicing Agreement.

"Servicing Agreement" means that certain servicing agreement dated as of the Closing Date between the Issuer and the Servicer.

"Servicing Fee" has the meaning set forth in Section 2.1 of the Servicing Agreement.

"Set-off" means any set-off, off-set, rescission, counterclaim, reduction, deduction or defense.

"Similar Laws" means any federal, state, local or non-U.S. laws or regulations that are substantially similar to Title I of ERISA or Section 4975 of the Code that govern governmental, church or foreign plans.

"Solicitation Notice" has the meaning set forth in Section 4.17(c) of the Indenture.

"Solicitation Period" has the meaning set forth in Section 4.17(c) of the Indenture.

"Spin-Off" means the spin-off of Theravance Biopharma from Theravance as a separate and independent, publicly traded company through a pro rata dividend of Theravance Biopharma ordinary shares to Theravance stockholders.

"Spin-Off Date" means the date of the Spin-Off.

"Sublicensee" means any sublicensee of Counterparty under the Counterparty Agreement.

"Subordinated Claim" has the meaning set forth in Section 10.1(a) of the Indenture.

"Subordinated Note Issuance" has the meaning set forth in Section 2.16(a) of the Indenture.

"Subordinated Notes" means any class (or sub-class) of Notes issued under the Indenture in such form as shall be authorized by a Resolution and set forth in any indenture supplemental to the Indenture in respect thereof pursuant to Section 2.16 of the Indenture and any Refinancing Notes issued to refinance the foregoing.

"Subsidiary" means, with respect to any Person, any other Person of which more than 50% of the outstanding Voting Securities of such other Person (irrespective of whether at the time Capital Securities of any other class or classes of such other Person shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more other Subsidiaries of such Person or by one or more other Subsidiaries of such Person.

"Taxes" means (a) any and all taxes, fees, levies, duties, tariffs, imposts and other charges of any kind (together with any and all interest, penalties, loss, damage, liability, expense, additions to tax and additional amounts or costs incurred or imposed with respect thereto) now or hereafter imposed, levied, collected, withheld or otherwise assessed by the U.S. or by any state, local, foreign or other Governmental Authority (or any subdivision or agency thereof) or other taxing authority, including taxes or other charges on or with respect to income, franchise, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation or net worth and similar charges and taxes or other charges in the nature of excise, deduction, withholding, ad valorem, stamp, transfer, value added, taxes on goods and services, escheat, gains taxes, license, registration and documentation fees, customs duties, tariffs and similar charges, (b) liability for such a tax that is imposed by reason of United States Treasury Regulation Section 1.1502-6 or similar provision of Applicable Law and (c) liability for the payment of any amounts as a result of any express or implied obligation to indemnify any other Person with respect to the payment of any amounts described in clause (a) or clause (b).

"Temporary Regulation S Global Note" has the meaning set forth in Section 2.1(b) of the Indenture.

"Territory" has the meaning set forth in Section 1.88 of the Counterparty Agreement.

"Theravance" means Theravance, Inc., a Delaware corporation.

"Theravance Biopharma" means Theravance Biopharma, Inc., a Cayman Islands exempted company.

"Theravance Collaboration Agreement Amendment" means the Theravance Collaboration Agreement Amendment, dated March 3, 2014, between Theravance and the Counterparty.

"Theravance SEC Documents" means, collectively, the Form 10-K filed by Theravance with the SEC on March 3, 2014 with respect to the fiscal year ended December 31, 2013 and all reports Theravance has filed with the SEC under the Exchange Act for all periods subsequent to December 31, 2013, all in the form so filed.

"Transaction Documents" means the Indenture, the Notes, the Servicing Agreement, the Account Control Agreement, the Sale and Contribution Agreement, the Purchase Agreements and each other agreement pursuant to which the Trustee (or its agent) is granted a Lien to secure the obligations under the Indenture or the Notes.

"Transaction Expenses" means the out-of-pocket expenses payable by the Issuer in connection with (a) the offering and sale of the Original Notes, including placement fees, any initial fees payable to Service Providers and the reasonable fees and expenses of Pillsbury Winthrop Shaw Pittman LLP, special counsel to the Noteholders in connection with the offering and issuance of the Original Notes, and (b) the offering and sale of any Subordinated Notes or any Refinancing Notes, including the reasonable fees and expenses of counsel in connection therewith, to the extent specified in the Resolution authorizing such offering and sale.

"Transfer Agent" has the meaning set forth in Section 2.3(a) of the Indenture.

"Transferee" has the meaning set forth in the preamble to the Sale and Contribution Agreement.

"Transferee Indemnified Party" has the meaning set forth in Section 7.1 of the Sale and Contribution Agreement.

"Transferor" means Theravance.

"Transferor Account" has the meaning set forth in Section 5.4(d) of the Sale and Contribution Agreement.

"Transferor Secured Amount" has the meaning set forth in Section 2.1(d) of the Sale and Contribution Agreement.

"Transferred Assets" has the meaning set forth in Section 2.1(a) of the Sale and Contribution Agreement.

"TRC LLC Rights and Obligations" has the meaning set forth in Exhibit B to the Sale and Contribution Agreement.

"Trustee" means U.S. Bank National Association, a national banking association, as initial trustee of the Notes under the Indenture, and any successor appointed in accordance with the terms of the Indenture.

"Trustee Closing Account" means the account of the Issuer maintained with the Trustee at U.S. Bank National Association, ABA No. 091000022, Account No. 173103321092, Account Name: Corporate Trust, Ref. Theravance /LABA PhaRMA, Attention: Josh Tripi.

"Trust Indenture Act" means the U.S. Trust Indenture Act of 1939, as amended.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, that, if, with respect to any financing statement or by reason of any provisions of Applicable Law, the perfection or the effect of perfection or non-perfection of the Liens granted to the Trustee pursuant to the applicable Transaction Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than the State of New York, then "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Transaction Document and any financing statement relating to such perfection or effect of perfection or non-perfection.

"UMEC" means the long-acting muscarinic antagonist umeclidinium bromide or an ester, salt or other noncovalent derivative thereof.

"United States Treasury" means the U.S. Department of the Treasury.

"U.S." or "United States" means the United States of America, its 50 states, each territory thereof and the District of Columbia.

"U.S. Person" means a U.S. person within the meaning of Regulation S.

"VI" means the long-acting beta$_2$ agonist vilanterol or an ester, salt or other noncovalent derivative thereof.

"VI Monotherapy" means (a) VI, solely as a monotherapy (i.e., excluding VI in combination with any one or more other therapeutically active component(s)), and (b) any and all product improvements, additional claims, line extensions, dosage changes and alternate delivery systems, in each case, with respect to only VI solely as a monotherapy (i.e., excluding VI in combination with any one or more other therapeutically active component(s)).

"VI Monotherapy Royalty Payment":

(a) means the following payments, when, as and if received by the Transferor under the Counterparty Agreement (or the Issuer as the Transferor's assignee under the Sale and Contribution Agreement) during the Royalty Payment Term, subject to clauses (b) and (c) of this definition:

(i) royalty payments on any global Net Sales of VI Monotherapy by the Counterparty, its Affiliates and their licensees (and their licensees' Affiliates) to Third Parties (as "Affiliates" and "Third Parties" are defined in the Counterparty Agreement) pursuant to Section 6.3 of the Counterparty Agreement;

(ii) any interest on amounts referred to in clause (a)(i) immediately above that is paid pursuant to Section 6.8 of the Counterparty Agreement;

(iii) any Infringement Payments with respect to VI Monotherapy in lieu of the payments referred to in clause (a)(i) immediately above; and

(iv) any Other Amounts with respect to VI Monotherapy in lieu of the payments referred to in clause (a)(i) immediately above.

(b) The payments and amounts set forth in clause (a) above of this definition are subject to the reductions, deductions and offsets contemplated by Sections 6.3, 6.4.1 and 6.9 of the Counterparty Agreement.

(c) The payments and amounts set forth in clause (a) above of this definition do not include (i) any signing payments (including any signing payments pursuant to Section 6.1.1 of the Counterparty Agreement), (ii) any one-time fees for new compounds contributed to the collaboration (including any one-time fee payments from the Counterparty to the Transferor pursuant to Section 6.1.3 or 6.1.4 of the Counterparty Agreement), (iii) any milestone payments pursuant to Section 6.2.2 of the Counterparty Agreement, or (iv) any other payments (other than those expressly identified in clause (a) above of this definition), in the case of clauses (i), (ii), (iii) and (iv) of this clause (c), paid to the Transferee relating to VI Monotherapy.

"Voluntary Bankruptcy" means (a) an admission in writing by the Issuer of its inability to pay its debts generally or a general assignment by the Issuer for the benefit of creditors, (b) the filing of any petition or answer by the Issuer seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of the Issuer or its debts under any Applicable Law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization, examination, relief of debtors or other similar Applicable Law now or hereafter in effect, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a receiver, trustee, custodian, liquidator, examiner, assignee, sequestrator or other similar official for the Issuer or for any substantial part of its property, or (c) limited liability company action taken by the Issuer to authorize any of the actions set forth in clause (a) or clause (b) above.

"Voting Securities" means, with respect to any Person, Capital Securities of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

Theravance
Closes Private Placement of $450 Million of 9% Non-Recourse Notes Supporting Strategic Separation Process

— Proceeds Intended to Accelerate Capital Return Strategy for Proposed Royalty Management Company —

SOUTH SAN FRANCISCO, CA, April 21, 2014 — Theravance, Inc. (NASDAQ: THRX) (the "Company") today announced that a subsidiary of the Company secured a $450 million private placement of 9% non-recourse PhaRMA℠ notes. The net proceeds from this transaction are currently planned to support the initiation of a capital return strategy to the stockholders of Theravance, Inc. in conjunction with the previously announced spin-off of Theravance Biopharma, Inc., for payment of remaining approval and launch milestones to GlaxoSmithKline plc (GSK), and funding of the operations of Theravance, Inc. following the spin-off.

"This non-dilutive financing allows us to accelerate the execution of our strategy to begin providing capital returns to stockholders of Theravance, Inc. related to RELVAR®/BREO® ELLIPTA® and ANORO™ ELLIPTA™," said Michael W. Aguiar, Senior Vice President and Chief Financial Officer, Theravance, Inc. "We remain on track to complete the spin-off in the second quarter of 2014 and look forward to providing more definitive guidance on the key operating metrics for both companies prior to the separation."

About the Strategic Separation

To unlock the Company's value and facilitate a return of capital to stockholders, Theravance announced in April 2013 that it would separate late-stage partnered respiratory assets from its biopharmaceutical research and development (R&D) operations and create two companies, Theravance, Inc. (the royalty management company) and Theravance Biopharma (the R&D company). This strategic separation is expected to be completed in the second quarter of 2014 subject to various legal and regulatory conditions, including the approval of the Form 10 Registration Statement filed with the U.S. Securities and Exchange Commission and final approval of the transaction by Theravance's Board of Directors.

Theravance, Inc., A Royalty Management Company, will focus on managing all development and commercial responsibilities under its respiratory partnership agreements with GSK and associated royalty revenues, including royalties from RELVAR®/BREO® ELLIPTA® and ANORO™ ELLIPTA™ with the intention of providing capital returns to stockholders. The R&D company, Theravance Biopharma, Inc., will be a biopharmaceutical company focused on developing small molecule product candidates in the respiratory, central nervous system/pain, gastrointestinal disorders and infectious disease therapeutic areas. The result will be two independent, publicly traded companies, with different business models, enabling investors to align their investment philosophies with the strategic opportunities and financial objectives of the two independent companies.

About the Financing

LABA Royalty Sub LLC, a wholly owned subsidiary of Theravance, Inc., issued $450 million in aggregate principal amount of PhaRMA℠ 9% Notes due on or before May 15, 2029. The notes are secured by a security interest in a segregated bank account established to receive 40% of royalties from global net sales of RELVAR®/BREO® ELLIPTA® (fluticasone furoate/vilanterol "FF/VI"), ANORO™ ELLIPTA™ (umeclidinium bromide/vilanterol, UMEC/VI) and, if developed, approved and commercialized, VI

monotherapy, all of which are partnered with GSK, beginning with sales occurring on or after April 1, 2014 and ending upon the earlier of full repayment of principal or May 15, 2029. The notes are not convertible into Theravance equity and have no security interest in nor rights under any Theravance agreement with GSK. The notes may be redeemed at any time prior to maturity, in whole or in part, at the option of Theravance at specified redemption premiums. The notes bear an annual interest rate of 9%, with interest and principal paid quarterly beginning November 15, 2014. Prior to May 15, 2016, in the event that the specified portion of royalties received in a quarter is less than the interest accrued for the quarter, the principal amount of the notes will increase by the interest shortfall amount for the period. Since the principal and interest payments on the notes are based on royalties from product sales, which will vary from quarter to quarter, the notes may be repaid prior to the final maturity date in 2029.

Net proceeds of the offering are expected to be approximately $434.3 million which includes a reserve account of $32 million established to fund a portion of the potential approval and launch milestones payable to GSK. As the financing is related to assets that will reside in the royalty management company, the net proceeds from the transaction will remain at Theravance, Inc. following the separation of Theravance Biopharma and are currently planned to support the initiation of a capital return strategy to the stockholders of Theravance, Inc. in conjunction with the previously announced spin-off of Theravance Biopharma, Inc., for payment of remaining approval and launch milestones to GSK, and funding of the operations of Theravance, Inc. following the spin-off. The notes have not been and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent an applicable exemption from the registration requirements of the Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any security.

Morgan Stanley & Co. LLC acted as sole placement agent for the notes.

PhaRMA℠ is a service mark of Morgan Stanley.

About Theravance

Theravance is a biopharmaceutical company with a pipeline of internally discovered product candidates and strategic collaborations with pharmaceutical companies. 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 central nervous system (CNS)/pain. Theravance's key programs include: RELVAR®/BREO® ELLIPTA® (FF/VI), ANORO™ ELLIPTA™ (UMEC/VI) and MABA (Bifunctional Muscarinic Antagonist-Beta$_2$ Agonist) GSK961068, each partnered with GlaxoSmithKline plc (GSK), and its Long-Acting Muscarinic Antagonist program. By leveraging its proprietary insight of multivalency to 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 Theravance's web site at www.theravance.com.

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 Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Examples of such statements include statements relating to: expected net proceeds of the private placement of

the notes, expectations for the repayment of the notes, plans for executing the separation of Theravance into two independent companies, the expected timing of the separation, the strategies, plans and objectives of the two companies following the separation, the timing, manner and amount of anticipated potential capital returns to stockholders, and the enabling capabilities of Theravance's approach to drug discovery and its proprietary insights. 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: determination of the actuals expenses of the private placement, the commercialization of RELVAR®/BREO® ELLIPTA® and ANORO™ ELLIPTA™ may encounter delays or adverse developments, difficulties in effecting the registration of Theravance Biopharma as a public company, changes in the development or operations of Theravance prior to the separation that could affect the plans for the separation of Theravance into two independent companies or the intended provision of capital returns to stockholders, 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, and delays or failure to achieve and maintain regulatory approvals for products. Other risks affecting Theravance are described under the heading "Risk Factors" contained in Theravance's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 3, 2014 and the risks discussed in Theravance's other periodic filings with the 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.

(THRX-F)

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