

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Theravance, Inc.		2 Issuer's employer identification number (EIN) 94-3265960	
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact 650-238-9640	5 Email address of contact investor.relations@thrxinc.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 951 Gateway Boulevard		7 City, town, or post office, state, and Zip code of contact South San Francisco, CA, 94080	
8 Date of action June 2, 2014, Sept. 18, 2014, Dec. 23, 2014		9 Classification and description Stock Distribution and Cash Distributions	
10 CUSIP number 88338T 10 4	11 Serial number(s)	12 Ticker symbol THRX	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **During the calendar year ended December 31, 2014, Theravance, Inc. (the "Issuer") made the following distributions:**
(1) On June 2, 2014, the Issuer made a taxable distribution of the common stock of Theravance Biopharma, Inc. valued at \$746,873,274 to the common shareholders of Issuer (the "Stock Distribution"). This was disclosed in more detail on the Form 8937 filed on July 15, 2014 (please see original filing).
(2) On September 18, 2014 and December 23, 2014, the Issuer made cash distributions of \$0.25 per share to its common shareholders, totaling \$28,337,593 and \$28,624,470, respectively (collectively, the "Regular Distributions" and together with the Stock Distribution, the "Distributions"). The Issuer currently expects the Distributions to be in excess of its current and accumulated earnings and profits.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The Issuer is currently expecting to have positive current earnings and profits and a deficit in accumulated earnings and profits for the current year ended December 31, 2014. However, the Distributions are expected to be in excess of the current earnings and profits. Based on reasonable assumptions currently available, of the total Distributions, approximately 40% is expected to be taxable as a dividend and the remaining approximately 60% is expected to be a return of capital. Any amount considered a return of capital will reduce shareholder basis to the extent thereof. Any portion of the Distributions in excess of shareholder basis will be capital gain to the recipient shareholders.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **Where an Issuer makes multiple distributions during the year and such distributions, in aggregate, exceed the expected current earnings and profits, the Issuer's expected earnings and profits are allocated proportionately across all of the distributions (Stock Distributions and Regular Distributions). Applying these allocation provisions, all of the Distributions are expected to be 40% taxable as a dividend. The remaining 60% is expected to be a return of capital.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Distributions to shareholders to the extent of the corporation's earnings and profits are reported as taxable dividends under Section 301(c)(1) and in accordance with Section 316. In the event a distribution to shareholders exceeds corporate current and accumulated earnings and profits as computed under Section 312, shareholders must apply the rules of Section 301(c) to determine if the distribution is a non-taxable return of basis under Section 301(c)(2) or if the distribution is reported as a capital gain under Section 301(c)(3). The issuer has estimated its positive current earnings and profits and negative accumulated earnings and profits in accordance with Section 312. As mentioned above, the current earnings and profits are allocated proportionately across all of the Distributions in accordance with Treas. Reg. Section 1.316-2(b).

18 Can any resulting loss be recognized? ▶ N/A.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is the year ended December 31, 2014.

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ *Eric d'Espartes* Date ▶ 1-7-15

Print your name ▶ Eric d'Espartes Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			