

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name <u>Theravance, Inc.</u>		2 Issuer's employer identification number (EIN) <u>94-3265960</u>	
3 Name of contact for additional information <u>Investor Relations</u>	4 Telephone No. of contact <u>(650)238-9640</u>	5 Email address of contact <u>investor.relations@thrxinc.com</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>951 Gateway Boulevard</u>		7 City, town, or post office, state, and Zip code of contact <u>South San Francisco, CA 94080</u>	
8 Date of action <u>June 30, 2015</u>		9 Classification and description <u>Common Stock - Cash Distribution</u>	
10 CUSIP number <u>88338T 10 4</u>	11 Serial number(s) <u>N/A</u>	12 Ticker symbol <u>THRX</u>	13 Account number(s) <u>N/A</u>

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 ▶ On June 30, 2015, Theravance, Inc. (th "Issuer") made cash distributions of \$0.25 per share to its common shareholders totalling \$29,288,385.50. The distribution is expected to be in excess of the current and accumulated earnings and profits of the Issuer for the taxable year ending December 31, 2015.

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 a deficit in current earnings and profits for the year ending December 31, 2015 based on reasonable assumptions currently available. The Issuer has historically had a deficit in accumulated earnings and profits. Therefore, the cash distribution is expected to be in excess of the current and accumulated earnings and profits, and 100% 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 distribution in excess of the 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 ▶ See #15 above.

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 is currently expecting to have a deficit in current earnings and profits and has a deficit in accumulated earnings and profits, where earnings and profits was computed in accordance with Section 312.

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, 2015.

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 ▶  Date ▶ 8-5-15

Print your name ▶ Eric d'Esparbes Title ▶ Senior VP, Chief Financial Officer

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.