THERAVANCE INC
Form S-3ASR
January 16, 2013

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As filed with the Securities and Exchange Commission on January 16, 2013

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THERAVANCE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3265960**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

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

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Rick E Winningham
Chief Executive Officer
Theravance, Inc.
901 Gateway Boulevard
South San Francisco, CA 94080
(650) 808-6000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

The Commission is requested to send copies of all communications to:

David T. Young **Brooks Stough**	**John Wilson** **Shearman & Sterling LLP**	**Alan F. Denenberg** **Davis Polk & Wardwell LLP**

Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
1200 Seaport Boulevard
Redwood City, California 94063
(650) 321-2400

Four Embarcadero Center, 38th Floor
San Francisco, California 94111
(415) 616-1100

1600 El Camino Real
Menlo Park, California 94025
(650) 752-2000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ý

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

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Indicate by check mark whether the registrant is a large accelerated filed, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price per Security**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee**
Convertible Subordinated Notes due 2023	(1)	100%	(1)	(2)
Common Stock, par value $0.01 per share(3)	(1)(4)	(1)	(1)	(2)

(1) An indeterminate amount of securities to be offered at indeterminate prices is being registered pursuant to this registration statement.

(2) The registrant is deferring payment of the registration fee pursuant to Rule 456(b) under the Securities Act and is omitting this information in reliance on Rule 456(b) and Rule 457(r) under the Securities Act.

(3)

The common stock being registered hereby includes associated rights to acquire Series A junior participating preferred stock of Theravance, Inc., pursuant to the Rights Agreement described in the prospectus contained in this registration statement.

(4)

Includes an indeterminate number of shares of common stock issuable upon conversion of the Convertible Subordinated Notes due 2023 for which the registrant will receive no additional consideration in connection with the exercise of the conversion privilege and for which no additional registration fee is payable pursuant to Rule 457(i) under the Securities Act. Pursuant to Rule 416 under the Securities Act, the shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued to prevent dilution resulting from stock splits, stock dividends, and other similar events.

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The information in this prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated January 16, 2013

PROSPECTUS

$250,000,000

% Convertible Subordinated Notes due 2023

We are offering $250,000,000 principal amount of our % convertible subordinated notes. The notes will bear interest at the rate of % per year, payable semiannually on January 15 and July 15 of each year, beginning July 15, 2013. The notes will mature on January 15, 2023.

Holders may convert their notes into shares of our common stock at an initial conversion rate of shares for each $1,000 in notes (equivalent to an initial conversion price of approximately $ per share), subject to adjustment, at any time prior to the close of business on the second business day immediately preceding the stated maturity date.

We may not redeem the notes prior to their stated maturity date.

If we experience a "fundamental change," as defined herein, each holder may require us to purchase for cash all or a portion of such holders' notes at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to but excluding the repurchase date. In addition, we will in some circumstances increase the conversion rate of the notes with a make-whole premium for conversions in connection with certain fundamental changes.

The notes will be our unsecured subordinated obligations and will be subordinated in right of payment to all of our existing and future senior indebtedness and effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing that indebtedness and to all existing and future indebtedness and other liabilities of our subsidiaries.

Our common stock is listed on the Nasdaq Global Market under the symbol "THRX." On January 15, 2013, the last reported sale price of our common stock was $23.50 per share.

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 17 of this prospectus.

	Per Note	Total
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us(1)	%	$

(1) Plus accrued interest from January , 2013, if settlement occurs after that date.

The underwriters may also purchase up to an additional $37,500,000 principal amount of notes within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants on or about January , 2013.

BofA Merrill Lynch

The date of this prospectus is , 2013.

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Prospectus

Neither we nor the underwriters have authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus, including the documents incorporated by reference in this prospectus, when making your investment decision. You should also read and consider the information in the documents we have referred you to in the section of the prospectus entitled "Where You Can Find More Information."

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ABOUT THIS PROSPECTUS

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Some of the documents referred to herein have been filed as exhibits to the registration statement of which this prospectus is a part, while others are incorporated by reference from our previously filed periodic reports or our Registration Statement on Form 8-A (Commission File No. 000-30319), filed on September 27, 2004, and amendments thereto, including their exhibits, and you may obtain copies of these documents as described below under "Where You Can Find More Information."

General information about us can be found on our website at "*http://www.theravance.com*". The information on our website is for information only and should not be relied on for investment purposes. The information on our website is not incorporated by reference into this prospectus and should not be considered part of this or any other report filed with the Securities and Exchange Commission.

You should not assume that the information contained in, or incorporated by reference into, this document is accurate as of any date after the respective dates of the documents containing the information. Our business, financial condition, results of operations and prospects may have changed since that date.

We incorporate important information into this prospectus by reference. You may obtain the information incorporated by reference into this prospectus without charge by following the instructions under "Where You Can Find More Information" in this prospectus. Generally, when we refer to "this prospectus," we are referring to this prospectus as well as to the information incorporated by reference herein. You should carefully read this prospectus and the additional information described under "Where You Can Find More Information" before investing in the notes.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations and warranties or covenants may not have been accurate when made or if accurate, were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus to "Theravance," "the Company," "we," "us" and "our" refer to Theravance, Inc., a Delaware corporation and its consolidated subsidiaries.

Theravance and the Theravance logo are our registered trademarks. RELVAR , BREO , ANORO and ELLIPTA are trademarks of the GlaxoSmithKline group of companies. The use of these brand names has not yet been approved by any regulatory authority. Other trademarks, tradenames or service marks of other companies appearing in this prospectus are the property of their respective owners.

We reserve the right to withdraw this offering of notes at any time. We and the underwriters also reserve the right to reject any offer to purchase the notes offered hereby, in whole or in part, for any reason, or to sell less than the amount of notes offered hereby.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not of historical fact, including, without limitation, statements regarding our strategy, future operations, future financial position, future revenues, projected costs and expenses, prospects, plans, goals and objectives, may be forward-looking statements. The words "anticipates," "believes," "designed," "estimates," "expects," "goal," "intends," "may," "plans," "projects," "pursuing," "will," "would" and similar expressions (including the negatives thereof) are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We may not actually achieve the plans, intentions, expectations or objectives disclosed in our forward-looking statements and the assumptions underlying our forward-looking statements may prove incorrect. Therefore, you should not place undue reliance on our forward-looking statements. Actual results or events may differ significantly from the results discussed in the forward-looking statements we make. Factors that might cause such a discrepancy include but are not limited to those discussed below in "Risk Factors." All forward-looking statements in this document are based on information available to us as of the date hereof and we assume no obligation to update any such forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission (SEC) a registration statement on Form S-3 under the Securities Act relating to the notes and the common stock issuable upon conversion thereof offered by this prospectus. This prospectus is a part of that registration statement, which includes additional information not contained in this prospectus.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC (including exhibits to such documents) at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC's website at *www.sec.gov*.

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INCORPORATION BY REFERENCE

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below (except the information contained in such documents to the extent "furnished" and not "filed") and any future filings we make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934:

1. Annual Reports on Form 10-K and 10-K/A for the year ended December 31, 2011, filed on February 27, 2012 and May 24, 2012, respectively.

2. All information in our proxy statement filed with the SEC on April 16, 2012 and May 7, 2012 to the extent incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2011.

3. Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed on May 2, 2012.

4. Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed on August 1, 2012.

5. Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, filed on October 31, 2012.

6. Our current reports on Form 8-K filed on January 6, 2012, January 9, 2012, February 9, 2012 (but only with respect to Item 5.02), March 23, 2012, April 2, 2012, May 16, 2012, May 17, 2012, May 22, 2012, May 24, 2012, June 19, 2012, July 2, 2012, July 13, 2012, September 4, 2012 (reporting on Item 8.01 matters), September 19, 2012, September 26, 2012, October 16, 2012, October 24, 2012, December 14, 2012, December 18, 2012 and January 9, 2013.

7. The description of our common stock and preferred stock purchase rights contained in the Registration Statement on Form 8-A filed with the SEC on September 27, 2004.

You may request, and we will provide you with, a copy of these filings, at no cost, by calling us at (650) 808-6000 or by writing to us at the following address:

Theravance, Inc.
901 Gateway Boulevard
South San Francisco, CA 94080
Attn: Investor Relations

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus shall be deemed to be modified or superseded for purpose of this prospectus to the extent that a statement contained in this prospectus (or in any document incorporated by reference therein) or in any other subsequently filed document that is or is deemed to be incorporated by reference into this prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

To the extent that any information contained in any Current Report on Form 8-K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is not incorporated by reference in this prospectus.

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PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus. This summary may not contain all the information that you should consider before investing in our notes. You should read the entire prospectus carefully, including "Risk Factors" and the financial statements incorporated by reference in this prospectus, before making an investment decision. Unless the context otherwise requires, any reference to "Theravance," "we," "our" and "us" in this prospectus refers to Theravance, Inc., a Delaware corporation, and its subsidiaries.

Theravance, Inc.

Theravance is a biopharmaceutical company with a pipeline of internally discovered product candidates and strategic collaborations with pharmaceutical companies. We are 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. Our key programs include: RELVAR or BREO (fluticasone furoate/vilanterol), ANORO (umeclidinium bromide/vilanterol) and MABA (Bifunctional Muscarinic Antagonist-Beta$_2$ Agonist), each partnered with GlaxoSmithKline plc (GSK), and our oral Peripheral Mu Opioid Receptor Antagonist program. By leveraging our proprietary insight of multivalency to drug discovery, we are pursuing a best-in-class strategy designed to discover superior medicines in areas of significant unmet medical need.

Our strategy focuses on the discovery, development and commercialization of medicines with superior efficacy, convenience, tolerability and/or safety. Our proprietary approach combines chemistry and biology to discover new product candidates using our expertise in multivalency. Multivalency refers to the simultaneous attachment of a single molecule to multiple binding sites on one or more biological targets. When compared to monovalency, whereby a molecule attaches to only one binding site, multivalency can significantly increase a compound's potency, duration of action and/or selectivity. Multivalent compounds generally consist of several individual small molecules, at least one of which is biologically active when bound to its target, joined by linking components. In addition, we believe that we can enhance the probability of successfully developing and commercializing medicines by identifying at least two structurally different product candidates, whenever practicable, in each therapeutic program.

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Our Programs

The table below summarizes the status of our most advanced product candidates for internal development or co-development.

Key: ADHD: Attention Deficit Hyperactivity Disorder; **CNS:** Central Nervous System; **COPD:** Chronic Obstructive Pulmonary Disease; **FF:** Fluticasone Furoate; **GI:** Gastrointestinal; **LAMA:** Long-Acting Muscarinic Antagonist; **MABA:** Bifunctional Muscarinic Antagonist-Beta$_2$ Agonist; **UMEC:** Umeclidinium; **VI:** Vilanterol

In the table above:

Development Status indicates the most advanced stage of development that has been completed or is in process.

Phase 1 indicates initial clinical safety testing in healthy volunteers, or studies directed toward understanding the mechanisms of action of the drug.

Phase 2 indicates further clinical safety testing and preliminary efficacy testing in a limited patient population.

Phase 3 indicates evaluation of clinical efficacy and safety within an expanded patient population.

Filed indicates that a marketing application has been submitted to a regulatory authority. The RELVAR or BREO applications are under review and the ANORO submissions are not yet under review.

We consider programs in which at least one compound has successfully completed a Phase 2a study showing efficacy and tolerability as having achieved Proof-of-Concept.

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Our Relationship with GlaxoSmithKline

LABA collaboration

In November 2002, we entered into our long-acting beta$_2$ agonist (LABA) collaboration with GSK to develop and commercialize once-daily LABA products for the treatment of chronic obstructive pulmonary disease (COPD) and asthma. For the treatment of COPD, the collaboration is developing two combination products: (1) RELVAR or BREO (FF/VI), an investigational once-daily combination medicine consisting of a LABA, vilanterol (VI), and an inhaled corticosteroid (ICS), fluticasone furoate (FF) and (2) ANORO (UMEC/VI), a once-daily investigational medicine combining a long-acting muscarinic antagonist (LAMA), umeclidinium bromide (UMEC), with a LABA, VI. For the treatment of asthma, the collaboration is developing FF/VI. The FF/VI program is aimed at developing a once-daily combination LABA/ICS to succeed GSK's Advair®/Seretide (salmeterol and fluticasone as a combination) franchise, which had reported 2011 sales of approximately $8.1 billion, and to compete with Symbicort® (formoterol and budesonide as a combination), which had reported 2011 sales of approximately $3.1 billion. ANORO , which is also a combination product, is targeted as an alternative treatment option to Spiriva® (tiotropium), a once-daily, single-mechanism bronchodilator, which had reported 2011 sales of approximately $4.2 billion.

In the event that a product containing VI is successfully developed and commercialized, we will be obligated to make milestone payments to GSK which could total as much as $220.0 million if both a single-agent and a combination product or two different combination products are launched in multiple regions of the world. These potential milestone payments could be payable to GSK within the next two years. We are entitled to annual royalties from GSK of 15% on the first $3.0 billion of annual global net sales and 5% for all annual global net sales above $3.0 billion. Sales of single-agent LABA medicines and combination medicines would be combined for the purposes of this royalty calculation. For other products combined with a LABA from the LABA collaboration, such as ANORO , royalties are upward tiering and range from the mid-single digits to 10%. However, if GSK is not selling a LABA/ICS combination product at the time that the first other LABA combination is launched, then the royalties described above for the LABA/ICS combination medicine would be applicable.

2004 Strategic Alliance

In March 2004, we entered into our strategic alliance with GSK. Under this alliance, GSK received an option to license exclusive development and commercialization rights to product candidates from certain of our discovery programs on pre-determined terms and on an exclusive, worldwide basis. Upon GSK's decision to license a program, GSK is responsible for funding all future development, manufacturing and commercialization activities for product candidates in that program. In addition, GSK is obligated to use diligent efforts to develop and commercialize product candidates from any program that it licenses. If the program is successfully advanced through development by GSK, we are entitled to receive clinical, regulatory and commercial milestone payments and royalties on any sales of medicines developed from the program. If GSK chooses not to license a program, we retain all rights to the program and may continue the program alone or with a third party.

In 2005, GSK licensed our bifunctional muscarinic antagonist-beta$_2$ agonist (MABA) program for the treatment of COPD, and in October 2011, we and GSK expanded the MABA program by adding six additional Theravance-discovered preclinical MABA compounds (the "Additional MABAs"). GSK's development, commercialization, milestone and royalty obligations under the strategic alliance remain the same with respect to '081, the lead compound in the MABA program. GSK is obligated to use diligent efforts to develop and commercialize at least one MABA within the MABA program, but may terminate progression of any or all Additional MABAs at any time and return them to us, at which point we may develop and commercialize such Additional MABAs alone or with a third party.

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Both GSK and we have agreed not to conduct any MABA clinical studies outside of the strategic alliance so long as GSK is in possession of the Additional MABAs. If a single-agent MABA medicine containing '081 is successfully developed and commercialized, we are entitled to receive royalties from GSK of between 10% and 20% of annual global net sales up to $3.5 billion, and 7.5% for all annual global net sales above $3.5 billion. If a MABA medicine containing '081 is commercialized only as a combination product, such as a MABA/ICS, the royalty rate is 70% of the rate applicable to sales of the single-agent MABA medicine. For single-agent MABA medicines containing an Additional MABA, we are entitled to receive royalties from GSK of between 10% and 15% of annual global net sales up to $3.5 billion, and 10% for all annual global net sales above $3.5 billion. For combination products containing an Additional MABA, such as a MABA/ICS, the royalty rate is 50% of the rate applicable to sales of the single-agent MABA medicine. If a MABA medicine containing '081 is successfully developed and commercialized in multiple regions of the world, we could earn total milestone payments of up to $125.0 million for a single-agent medicine and up to $250.0 million for both a single-agent and a combination medicine. If a MABA medicine containing an Additional MABA is successfully developed and commercialized in multiple regions of the world, we could earn total milestone payments of up to $129.0 million. GSK has no further option rights on any of our research or development programs under the strategic alliance.

Program Highlights

Respiratory Programs with GSK

RELVAR or BREO (FF/VI)

FF/VI is an investigational once-daily ICS/LABA combination treatment, comprising fluticasone furoate and vilanterol, for the maintenance treatment of patients with COPD and patients with asthma. FF/VI is administered by a new dry powder inhaler called ELLIPTA . RELVAR (FF/VI for the European Union (EU) and Japan), BREO (FF/VI for the United States (U.S.)), and ELLIPTA (for the EU, U.S. and Japan) are proposed brand names and use of these brand names has not yet been approved by any regulatory authority.

In September 2012, GSK and Theravance announced that the New Drug Application (NDA) for FF/VI for patients with COPD was accepted by the U.S. Food and Drug Administration (FDA), indicating that the application is sufficiently complete to permit a substantive review. The Prescription Drug User Fee Act goal date was confirmed as May 12, 2013 and the FDA's Pulmonary-Allergy Drugs Advisory Committee is scheduled to discuss the NDA for BREO for COPD at a meeting on March 7, 2013. GSK and Theravance also reported that the Marketing Authorization Application for FF/VI for COPD and asthma was validated by the European Medicines Agency (EMA) and GSK also submitted a Japanese New Drug Application for FF/VI for patients with COPD and asthma in September 2012.

ANORO (UMEC/VI)

UMEC/VI is a once-daily investigational medicine, combining a LAMA, UMEC, and a LABA, VI, for the maintenance treatment of patients with COPD. UMEC/VI is administered by the ELLIPTA dry powder inhaler.

In December 2012, GSK and Theravance announced the submission to the FDA of a NDA for UMEC/VI for patients with COPD. In January 2013, GSK and Theravance announced the submission of a regulatory application to the EMA for UMEC/VI for patients with COPD. Regulatory submissions for UMEC/VI are planned in other countries during the course of 2013.

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Inhaled Bifunctional Muscarinic Antagonist-Beta$_2$ Agonist (MABA)

GSK961081 ('081) is an investigational, single molecule bifunctional bronchodilator with both muscarinic antagonist and beta$_2$ receptor agonist activities. Based on the results from the Phase 2b study, GSK and Theravance plan to advance '081 monotherapy into Phase 3 in 2013 and the '081/FF combination into Phase 3-enabling studies shortly.

Bacterial Infections Program

VIBATIV® (telavancin)

VIBATIV® (telavancin) is a bactericidal, once-daily injectable antibiotic approved in the U.S. and Canada for the treatment of adult patients with complicated skin and skin structure infections (cSSSI) caused by susceptible Gram-positive bacteria. In November 2012, the FDA's Anti-Infective Drugs Advisory Committee (Committee) met to discuss the NDA for VIBATIV® for nosocomial pneumonia (NP). The Committee was asked to consider the totality of data presented including analyses of clinical cure and 28-day all-cause mortality. The Committee voted 6 (yes) and 9 (no) that the results provide substantial evidence of the safety and effectiveness of VIBATIV® for the requested indication of the treatment of NP, including ventilator-associated pneumonia, caused by susceptible isolates of the following Gram-positive microorganisms: Staphylococcus aureus (both methicillin-susceptible and -resistant) and Streptococcus pneumoniae. The Committee voted 13 (yes) and 2 (no) that the results provide substantial evidence of the safety and effectiveness of VIBATIV® for the treatment of NP when other alternatives are not suitable. The NDA remains under review by the FDA.

In September 2011, the European Commission granted marketing authorization for VIBATIV® for the treatment of adults with nosocomial pneumonia (NP), including ventilator-associated pneumonia, known or suspected to be caused by MRSA when other alternatives are not suitable. However, in May 2012, the European Commission suspended this marketing authorization because the previous single-source drug product supplier did not meet the Good Manufacturing Practice (GMP) requirements for the manufacture of VIBATIV®.

Due to manufacturing issues at the previous single-source supplier of VIBATIV® drug product, VIBATIV® is currently subject to critical product shortages and we currently do not have sufficient finished drug product inventory to commercialize VIBATIV®. In May 2012, we entered into a Technology Transfer and Supply Agreement with Hospira Worldwide, Inc. (Hospira) for VIBATIV® drug product supply. We must obtain regulatory approval for VIBATIV® drug product that will be manufactured at Hospira's facility before any such product may be sold, and this regulatory approval process could extend through mid-2013 or beyond. We are evaluating global commercialization alternatives for VIBATIV® either with partners or alone, and we intend to reintroduce VIBATIV® in the U.S. later in 2013 provided we can assure a reasonable source of VIBATIV® drug product.

Central Nervous System (CNS)/Pain Program

Oral Peripheral Mu Opioid Receptor Antagonist TD-1211

TD-1211 is an investigational once-daily, orally administered, peripherally selective, multivalent inhibitor of the mu opioid receptor designed with a goal of alleviating gastrointestinal side effects of opioid therapy without affecting analgesia. In July 2012, Theravance announced positive topline results from the Phase 2b Study 0084, the key study in the Phase 2b program evaluating TD-1211 as potential treatment for chronic, non-cancer pain patients with opioid-induced constipation. The Phase 2b program consisted of three studies (0074, 0076 and 0084) designed to evaluate doses and dosing regimens for Phase 3. We are currently evaluating our Phase 3 strategy due to potentially evolving FDA requirements for this class of drug.

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Monoamine Reuptake Inhibitor TD-9855

TD-9855 is an investigational norepinephrine and serotonin reuptake inhibitor for the treatment of central nervous system conditions such as Attention-Deficit/Hyperactivity Disorder (ADHD) and chronic pain. TD-9855 is being evaluated in an ongoing Phase 2 safety and efficacy study in adults with ADHD. In addition, we initiated a Phase 2 study with TD-9855 in patients with fibromyalgia in December 2012.

Theravance Respiratory Program

Long-Acting Muscarinic Antagonist (LAMA) TD-4208

In November 2011, we announced positive topline results from a Phase 2a single-dose COPD study of TD-4208, an investigational inhaled LAMA, discovered by Theravance. In this study, TD-4208 met the primary endpoint by demonstrating a statistically significant mean change from baseline in peak forced expiratory volume in one second (FEV1) compared to placebo, and was generally well tolerated. In December 2012, we initiated a Phase 2b study to evaluate the safety and pharmacokinetics of multiple doses of TD-4208.

Recent Developments

With regard to expense guidance for 2013, we currently anticipate that total 2013 Research and Development expenses plus Selling, General and Administrative expenses will be in the range of $125 million to $135 million. This guidance does not include stock-based compensation expense or any milestone payments to GSK under the LABA collaboration.

Our expectations regarding our expenses for 2013 are forward-looking statements based solely on management estimates utilizing currently available information. As described under "Note Regarding Forward-Looking Statements," investors are cautioned that forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Our independent registered public accounting firm has not audited, reviewed or performed any procedures with respect to these expected expenses and, accordingly, does not express an opinion or any other form of assurance with respect to these expectations.

Corporate and Available Information

We were incorporated on November 19, 1996 under the name Advanced Medicine, Inc. In April 2002, we changed our name to Theravance, Inc. Our principal executive offices are located at 901 Gateway Boulevard, South San Francisco, California 94080, and our telephone number is (650) 808-6000.

Our Internet address is *www.theravance.com*. Information contained on our web site does not constitute a part of this prospectus. Our investor relations website is located at *http://ir.theravance.com*. We make available free of charge on our investors relations website under "SEC Filings" our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, our directors' and officers' Section 16 Reports and any amendments to those reports as soon as reasonably practicable after filing such materials with or furnishing such materials to the U.S. Securities and Exchange Commission (SEC). The information found on either of our websites is not part of this or any other report that we file with or furnish to the SEC.

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THE OFFERING

The following is a brief summary of the terms of this offering. In the following summary, any reference to "Theravance," "we," "our," and "us" refers only to Theravance, Inc. and not any of its current or future subsidiaries. For a more complete description of the notes, see "Description of the Notes" in this prospectus.

Issuer	Theravance, Inc.
Notes Offered	$250,000,000 aggregate principal amount of % Convertible Subordinated Notes due 2023 ($287,500,000 aggregate principal amount if the underwriters exercise in full their option to purchase additional notes).
Issue Price	100% of the principal amount plus interest, if any.
Maturity Date	January 15, 2023.
Interest and Payment Dates	% per year, payable semi-annually in arrears in cash on January 15 and July 15 of each year, beginning July 15, 2013.
Conversion Rights	The notes are convertible, at the option of the holder, at any time prior to the close of business on the second business day immediately preceding the stated maturity date, into shares of our common stock at a conversion rate of shares per $1,000 principal amount of notes, which is equivalent to a conversion price of approximately $ per share. The conversion rate is subject to adjustment. See "Description of the Notes Conversion Rights."
Fundamental Change	If a fundamental change occurs, holders will have the right to require us to repurchase for cash all or any portion of their notes. The fundamental change repurchase price will be 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date. See "Description of the Notes Fundamental Change Permits Holders to Require Us to Purchase Notes." If certain fundamental change events occur, we will in some circumstances adjust the conversion rate of the notes with a make-whole premium in connection with such fundamental change. The amount of the make-whole premium, if any, will be based on our common stock price and the effective date of such fundamental change. A description of how the make-whole premium will be determined and an illustrative table showing the estimated make-whole premium that would apply at various common stock prices and fundamental change effective dates are set forth under "Description of the Notes Make-Whole Premium Upon Certain Fundamental Changes."
No Redemption at Our Option	We may not redeem the notes prior to their stated maturity date and no "sinking fund" is provided for the notes, which means that we are not required to redeem or retire the notes periodically.

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Ranking	The notes will be our general unsecured obligations and will be: subordinated in right of payment to all of our existing and future senior indebtedness; equal in right of payment to all of our existing and future subordinated indebtedness, including our 3% Convertible Subordinated Notes due 2015; effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing that indebtedness; and effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. As of September 30, 2012, we had no outstanding senior indebtedness as defined in the indenture, nor any secured indebtedness, and our subsidiaries had no outstanding liabilities (including trade payables, but excluding intercompany indebtedness and liabilities of a type not required to be reflected on a balance sheet in accordance with GAAP). As of September 30, 2012, we had $172.5 million of outstanding subordinated indebtedness, consisting of our 3% Convertible Subordinated Notes due 2015. The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.
Use of Proceeds	The net proceeds from this offering are estimated to be approximately $ million (or $ million if the underwriters exercise their option to purchase additional notes in full), after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, including from any such sale of additional notes, for potential milestone payments to GSK if there is any approval or launch of products under the LABA collaboration, including RELVAR /BREO , ANORO , or VI, potential repayment of $172.5 million of our 3% convertible subordinated notes due in January 2015, approximately $ million to pay the cost of the base capped call transactions (as defined below) that we expect to enter into with one or more of the underwriters or their affiliates, whom we refer to as the "hedge counterparties," and other general corporate purposes. See "Use of Proceeds." If the underwriters exercise their option to purchase additional notes, we may use a portion of the net proceeds from the sale of additional notes to enter into additional capped call transactions with one or more hedge counterparties.

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Capped Call Transactions	In connection with the pricing of the notes, we expect to enter into capped call transactions (the "base capped call transactions") with one or more hedge counterparties. If the underwriters exercise their option to purchase additional notes, we may enter into additional capped call transactions with the hedge counterparties (together with the base capped call transactions, the "capped call transactions"). The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of the notes. For any conversions of notes prior to the close of business of the 95th scheduled trading day immediately preceding the maturity date, including without limitation upon an acquisition of us or similar business combination, a corresponding portion of the capped call transactions will be terminated. Upon such termination, the portion of the capped call transactions being terminated will be settled at fair value (subject to certain limitations), which we expect to receive from the hedge counterparties, and no payments will be due to the hedge counterparties. In connection with establishing their initial hedges of the capped call transactions, the hedge counterparties (or affiliates thereof) expect to enter into various derivative transactions with respect to our common stock concurrently with, and/or purchase our common stock shortly after, the pricing of the notes. These activities could have the effect of increasing, or reducing the size of any decrease in, the price of the notes and/or our common stock concurrently with, or shortly after, the pricing of the notes. In addition, the hedge counterparties (or affiliates thereof) are likely to modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or by purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the notes and prior to the maturity date of the notes (and are likely to do so during a specified averaging period under the capped call transactions preceding the maturity date, and on or around any earlier conversion date related to a conversion of the notes). The effect, if any, of any of these transactions and activities on the market price of our common stock or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock, which could affect the value of the notes and the value of the common stock you will receive upon any conversion of the notes.

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	For a discussion of the potential impact of any market or other activity by the hedge counterparties or their affiliates in connection with the capped call transactions, see "Risk Factors Risks Related to the Notes The capped call transactions may affect the value of the notes and our common stock" and "Underwriting."
Book-Entry Form and Denomination	The notes will be issued in minimum denominations of $1,000 and any integral multiple of $1,000. The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company ("DTC") and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.
Nasdaq Symbol for Common Stock	Our common stock is listed on the Nasdaq Global Market under the symbol "THRX."
Material U.S. Federal Income Tax Considerations	See "Material U.S. Federal Income Tax Considerations" for a discussion of the U.S. federal income tax considerations applicable to the purchase, ownership and conversion of the notes.
Risk Factors	You should carefully consider the information set forth in the section entitled "Risk Factors" beginning on page 17 of this prospectus and all other information provided to you and incorporated by reference in the prospectus before deciding to invest in the notes.
Trustee, Paying Agent and Conversion Agent	The Bank of New York Mellon Trust Company, N.A.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated statements of operations data for the years ended December 31, 2009, 2010 and 2011 and for the nine months ended September 30, 2011 and 2012, and our summary consolidated balance sheet data as of December 31, 2009, 2010 and 2011 and September 30, 2011 and 2012. The summary consolidated statement of operations data for the years ended December 31, 2009, 2010 and 2011 have been derived from our audited consolidated financial statements, incorporated by reference into this prospectus. The summary consolidated balance sheet data as of December 31, 2009, 2010 and 2011 have been derived from our audited consolidated financial statements. The summary consolidated balance sheet data as of December 31, 2010 and 2011 is incorporated by reference into this prospectus. The summary consolidated statement of operations data and balance sheet data as of and for the nine months ended September 30, 2011 and 2012 have been derived from our unaudited consolidated financial statements. The summary consolidated statement of operations data and balance sheet data as of and for the nine months ended September 30, 2012 is incorporated by reference into this prospectus. Our historical results are not necessarily indicative of the results that may be expected in any future period, and our results for the nine months ended September 30, 2012 are not necessarily indicative of results to be expected for the full year. You should read this information in conjunction with our consolidated financial statements, including the related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, which are incorporated by reference into this prospectus.

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	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(in thousands, except per share data)				
				(unaudited)	
Consolidated Statement of Operations Data:					