THERAVANCE INC
Form 424B5
March 17, 2010

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The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they solicit an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
File No. 333-160761

SUBJECT TO COMPLETION. DATED MARCH 17, 2010

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED SEPTEMBER 1, 2009

7,500,000 Shares

Theravance, Inc.

Common Stock

We are offering 7,500,000 shares of our common stock. Our common stock is quoted on the Nasdaq Global Market under the symbol "THRX." The last reported sale price of our common stock on March 16, 2010 was $12.57 per share.

The underwriters have a 30-day option to purchase up to a maximum of 1,125,000 additional shares to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" beginning on page S-10.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Theravance, Inc.
Per Share	$	$	$
Total	$	$	$

The underwriters expect to deliver the shares of common stock against payment on or about March , 2010.

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

Morgan Stanley

Credit Suisse

Leerink Swann

The date of this prospectus supplement is March , 2010.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT AND ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to this offering. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, the information in this prospectus supplement controls.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any related free writing prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. 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. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you, including any information incorporated by reference, is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. You should also read and consider the information in the documents we have referred you to in the sections of the prospectus supplement entitled "Where You Can Find More Information."

This prospectus supplement and the accompanying prospectus contain 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 supplement and accompanying prospectus are 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."

We have not taken any action to permit an offering of our common stock outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus supplement and/or the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of our common stock and the distribution of this prospectus supplement and the accompanying prospectus outside of the United States.

FORWARD-LOOKING STATEMENTS

The information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying 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, 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

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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 SEC a registration statement on Form S-3 under the Securities Act relating to the common stock offered by the prospectus supplement and accompanying prospectus. This prospectus supplement and accompanying prospectus do not contain all of the information in the registration statement, parts of which we have omitted, as allowed under the rules and regulations of the SEC. You should refer to the registration statement for further information with respect to us and our common stock. Statements contained in this prospectus supplement and accompanying prospectus as to the contents of any contract or other document are not necessarily complete and, in each instance, we refer you to the copy of each contract or document filed as an exhibit to the registration statement. Copies of the registration statement, including exhibits, may be inspected without charge at the SEC's principal office in Washington, D.C., and you may obtain copies from this office upon payment of the fees prescribed by the SEC.

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 supplement, 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 (except the information contained in such documents to the extent "furnished" and not "filed"):

- our annual report on Form 10-K for the fiscal year ended December 31, 2009;
- our Definitive Proxy Statement on Schedule 14A, filed on March 9, 2009 (excluding those portions that are not incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2008);
- the description of our common stock and preferred stock purchase rights contained in our Registration Statement on Form 8-A, filed on September 27, 2004, including any amendment or report filed for the purpose of updating such description;
- our current report on Form 8-K, filed on January 28, 2010; and
- our current report on Form 8-K, filed on March 17, 2010.

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

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Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus supplement or the accompanying prospectus shall be deemed to be modified or superseded for purpose of this prospectus supplement or the accompanying prospectus to the extent that a statement contained in this prospectus supplement (or in any document incorporated by reference therein) or the accompanying prospectus or in any other subsequently filed document that is or is deemed to be incorporated by reference into this prospectus supplement 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 supplement or the accompanying 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 specifically not incorporated by reference in this prospectus supplement or the accompanying prospectus.

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SUMMARY

You should read the following summary together with the entire prospectus supplement and accompanying prospectus and the documents incorporated by reference, including our consolidated financial statements and related notes. You should carefully consider, among other things, the matters discussed in "Risk Factors" in this prospectus supplement and in the documents incorporated by reference.

Theravance, Inc.

Overview

Theravance is a biopharmaceutical company with a pipeline of internally discovered product candidates. 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 gastrointestinal motility dysfunction. Our key programs include: VIBATIV (telavancin) with Astellas Pharma Inc. (Astellas) and our RELOVAIR program (formerly referred to as Horizon) and the Bifunctional Muscarinic Antagonist-beta$_2$Agonist (MABA) program, both with GlaxoSmithKline plc (GSK). By leveraging our proprietary insight of multivalency to drug discovery focused primarily on validated targets, we are pursuing a next generation strategy designed to discover superior medicines in areas of significant unmet medical need. Our headquarters are located at 901 Gateway Boulevard, South San Francisco, California 94080 and our telephone number is (650) 808-6000. Theravance was incorporated in Delaware in November 1996 under the name Advanced Medicine, Inc. and began operations in May 1997. The Company changed its name to Theravance, Inc. in April 2002.

Our strategy focuses on the discovery, development and commercialization of medicines with superior efficacy, convenience, tolerability and/or safety. By primarily focusing on biological targets that have been clinically validated either by existing medicines or by potential medicines in late-stage clinical studies, we can leverage years of available knowledge regarding a target's activity and the animal models used to test potential medicines against such targets. We move a product candidate into development after it demonstrates the potential to be superior to existing medicines or drug candidates in animal models that we believe correlate to human clinical experience. This strategy of developing the next generation of existing medicines or potential medicines is designed to reduce technical risk and increase productivity. 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. In total, our research and development expenses, including stock-based compensation expense, incurred for all of our therapeutic programs in 2009, 2008 and 2007 were $77.5 million, $82.0 million and $155.3 million, respectively. We generally budget our research and development and general and administrative expenses on an annual basis. However, our incurrence of expenses varies from quarter to quarter. Our expenses for the first quarter of 2010 are likely to be higher than the amount implied by our annual budget if our expenses were consistent from quarter to quarter.

We have entered into collaboration arrangements with GSK and Astellas for the development and commercialization of certain of our product candidates. In November 2002, we entered into our long-acting beta$_2$ agonist (LABA) collaboration with GSK to develop and commercialize a once-daily LABA product candidate both as a single-agent new medicine for the treatment of chronic obstructive pulmonary disease (COPD) and as part of a new combination medicine with an inhaled corticosteroid (ICS) for the treatment of asthma and/or a long-acting muscarinic antagonist (LAMA) for COPD. This collaboration is now known as the RELOVAIR program. In March 2004, we entered into a strategic alliance agreement with GSK under which GSK received an option to license exclusive development and commercialization rights to product candidates from all of our full drug discovery programs initiated prior to September 1, 2007, on pre-determined terms and on an exclusive, worldwide basis. Our 2005 collaboration arrangement with Astellas covers the development and commercialization of

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VIBATIV , a bactericidal, once-daily injectable antibiotic developed by us for the treatment of Gram-positive infections, including methicillin-resistant *Staphylococcus aureus.* The U.S. Food and Drug Administration has approved VIBATIV for the treatment of adult patients with complicated skin and skin structure infections (cSSSI) caused by susceptible Gram-positive bacteria, including both methicillin-resistant (MRSA) and methicillin-susceptible (MSSA) strains of *Staphylococcus aureus*. VIBATIV is also approved in Canada for the treatment of adult patients with cSSSI.

Our Programs

Our drug discovery efforts are based on the principles of multivalency. Multivalency involves the simultaneous attachment of a single molecule to multiple binding sites on one or more biological targets. We have applied our expertise in multivalency to discover product candidates and lead compounds in a wide variety of therapeutic areas. We have conducted extensive research in both relevant laboratory and animal models to demonstrate that by applying the design principles of multivalency, we can achieve significantly stronger and more selective attachment of our compounds to a variety of intended biological targets. We believe that medicines that attach more strongly and selectively to their targets will be superior to many medicines by substantially improving potency, duration of action and/or safety. The table below summarizes the status of our most advanced product candidates for internal development or co-development. Prior to entering into human clinical studies, a product candidate undergoes preclinical studies which include formulation development or safety testing in animal models.

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.

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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 New Drug Application (NDA) has been submitted to and accepted for filing by the FDA.

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.

Our Relationship with Astellas

2005 License, Development and Commercialization Agreement

In November 2005, we entered into a collaboration arrangement with Astellas for the development and commercialization of telavancin. In July 2006, Japan was added to our telavancin collaboration, thereby giving Astellas worldwide rights to this medicine. Through December 31, 2009, we have received $190.0 million in upfront, milestone and other fees from Astellas and we are eligible to receive up to an additional $30.0 million in remaining milestone payments related to regulatory filings and approvals in various regions of the world. Additionally, certain of our costs related to the collaboration are reimbursable by Astellas.

In 2009, the FDA approved VIBATIV for the treatment of adult patients with cSSSI caused by susceptible Gram-positive bacteria, including *Staphylococcus aureus*, both MRSA and MSSA strains. VIBATIV also was approved in Canada in 2009 for the treatment of adult patients with cSSSI. We are entitled to receive royalties from Astellas on global net sales of VIBATIV that, on a percentage basis, range from the high teens to the upper twenties depending on sales volume. We were responsible for substantially all costs to develop and obtain U.S. regulatory approval for VIBATIV and Astellas is responsible for substantially all costs associated with commercialization of VIBATIV . Since the commercial launch in November 2009 through December 31, 2009, Astellas recorded VIBATIV net sales of $4.3 million, a substantial portion of which was related to the initial wholesaler stocking. We recognize royalty revenue from Astellas in the period the royalties are earned based on net sales of VIBATIV by Astellas as reported to us by Astellas. As a result of the initial stocking orders in the fourth quarter of 2009, we expect to recognize little to no royalty revenue related to VIBATIV in the first quarter of 2010.

Our Relationship with GlaxoSmithKline

RELOVAIR Program

In November 2002, we entered into our LABA collaboration with GSK to develop and commercialize a once-daily LABA product candidate both as a single-agent new medicine for the treatment of COPD and as part of a new combination medicine with an ICS for the treatment of asthma and/or a LAMA for COPD. These programs, now known collectively as the RELOVAIR program, are aimed at developing next generation respiratory products to replace GSK's Seretide and Advair medicines, for which GSK reported 2009 sales of approximately $8.0 billion. Each company contributed four LABA product candidates to the collaboration.

In connection with the RELOVAIR program, in 2002 we received from GSK an upfront payment of $10.0 million and sold to an affiliate of GSK shares of our Series E preferred stock for an aggregate purchase price of $40.0 million. In addition, we were eligible to receive up to $495.0 million in development, approval, launch, and sales milestones and royalties on the sales of any product resulting from this program. Through December 31, 2009, we have received a total of $60.0 million in upfront

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and development milestone payments. GSK has determined to focus the collaboration's resources on the development of the lead LABA, GW642444 ('444), a GSK-discovered compound, together with GSK's ICS, fluticasone furoate (FF). Accordingly, we do not expect to receive any further milestone payments from the RELOVAIR program. In the event that a LABA product candidate discovered by GSK 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 were launched in multiple regions of the world. Based on available information, we do not estimate that a significant portion of these potential milestone payments to GSK are likely to be required to be made in the next two years. Moreover, we are entitled to receive the same royalties on sales of medicines from the RELOVAIR program, regardless of whether the product candidate originated with Theravance or with GSK. 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 RELOVAIR program, such as a combination LABA/LAMA medicine, which are launched after a LABA/ICS combination medicine, 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 all of our full drug discovery programs initiated prior to September 1, 2007, on pre-determined terms and on an exclusive, worldwide basis. Pursuant to the terms of the strategic alliance agreement, we initiated three new full discovery programs between May 2004 and August 2007. These three programs are (i) our peripheral Opioid-Induced Bowel Constipation (PUMA) program, (ii) our AT1 Receptor Neprilysin Inhibitor (ARNI) program for cardiovascular disease and (iii) our MonoAmine Reuptake Inhibitor (MARIN) program for chronic pain. GSK has the right to license product candidates from these three programs, and must exercise this right no later than sixty days subsequent to the "proof-of-concept" stage (generally defined as the successful completion of a Phase 2a clinical study showing efficacy and tolerability if the biological target for the drug has been clinically validated by an existing medicine, and successful completion of a Phase 2b clinical study showing efficacy and tolerability if the biological target for the drug has not been clinically validated by an existing medicine). Under the terms of the strategic alliance, GSK has only one opportunity to license each of our programs. Upon its 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. Consistent with our strategy, we are obligated to use diligent efforts at our sole cost to discover two structurally different product candidates for any programs on which GSK has an option under the alliance. If these programs are 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 these programs. For product candidates licensed to date under this agreement, the royalty structure for a product containing one of our compounds as a single active ingredient would result in an average percentage royalty rate in the low double digits. If a product is successfully commercialized, in addition to any royalty revenue that we receive, the total upfront and milestone payments that we could receive in any given program that GSK licenses range from $130.0 million to $162.0 million for programs with single-agent medicines and up to $252.0 million for programs with both a single-agent and a combination medicine. If GSK chooses not to license a program, we retain all rights to the program and may continue the program alone or with a

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third party. To date, GSK has licensed our two COPD programs: LAMA and MABA. We received $5.0 million payments from GSK in connection with its license of each of our LAMA and MABA programs in August 2004 and March 2005, respectively. However, in 2009, GSK returned the LAMA program to us because the formulation of the lead product candidate was incompatible with GSK's proprietary inhaler device. GSK has chosen not to license our bacterial infections program, our anesthesia program and our 5-HT_4 program. There can be no assurance that GSK will license any of the remaining programs under the alliance agreement, which could have an adverse effect on our business and financial condition.

In connection with the strategic alliance with GSK, we received from GSK a payment of $20.0 million. In May 2004, GSK purchased through an affiliate 6,387,096 shares of our Class A common stock for an aggregate purchase price of $108.9 million. Through December 31, 2009, we have received $46.0 million in upfront and milestone payments from GSK relating to the strategic alliance agreement. In addition, pursuant to a partial exercise of its rights under the governance agreement, upon the closing of our initial public offering on October 8, 2004, GSK purchased through an affiliate an additional 433,757 shares of Class A common stock. GSK and its affiliates owned approximately 14.6% of our outstanding capital stock as of March 16, 2010.

Development Programs

Respiratory Programs

RELOVAIR

In December 2008, we and GSK announced positive results from a Phase 2b study evaluating the dose response, safety, and efficacy of five doses of the lead LABA compound, '444, in patients with moderate-to-severe COPD, and in February 2009 we and GSK announced positive results from three separate Phase 2b clinical studies assessing the safety and efficacy of GSK's ICS, FF across a range of eight doses in over 1,800 patients with mild, moderate and severe asthma.

In late October 2009, we and GSK announced that the first patient commenced treatment in the Phase 3 program in COPD. The program comprises a broad range of large-scale Phase 3 clinical studies to evaluate the once-a-day LABA, '444, in combination with the once-a-day ICS, FF, for the treatment of COPD. The overall registrational program, which will study more than 6,000 patients, includes two 12-month exacerbation studies, two six-month efficacy and safety studies and a detailed lung function profile study. In addition, other studies are planned to assess the potential for superiority of the fixed combination of '444 and FF versus other treatments for COPD. GSK is currently recruiting patients for a long-term exacerbation study in the asthma Phase 3 RELOVAIR clinical program. This randomized, double blind, parallel group study is designed to evaluate the safety and demonstrate the benefit of the addition of a LABA to an ICS by utilizing an endpoint (time to first severe asthma exacerbation) that informs on both safety and efficacy. On March 10 and 11, 2010, the FDA held an Advisory Committee to discuss the design of medical research studies (known as "clinical trial design") to evaluate serious asthma outcomes (such as hospitalizations, a procedure using a breathing tube known as intubation, or death) with the use of LABAs in the treatment of asthma in adults, adolescents, and children. It is unknown at this time what, if any, effect this FDA meeting or future FDA actions will have on the development of the RELOVAIR program. The current uncertainty regarding the FDA's position on LABAs for the treatment of asthma and the lack of consensus expressed at the recent Advisory Committee may result in increased time and cost of the asthma clinical trials in the United States for RELOVAIR and may increase the overall risk of the RELOVAIR asthma program in the United States. GSK is responsible for funding the aforementioned studies.

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Inhaled Bifunctional Muscarinic Antagonist-beta$_2$ Agonist (MABA) Program

In our MABA program, we are developing with GSK a bifunctional long-acting inhaled bronchodilator. By combining bifunctional activity and high lung selectivity, we intend to develop a medicine with greater efficacy than single mechanism bronchodilators (such as tiotropium or salmeterol) and with equal or better tolerability. In our MABA program in COPD, we are currently waiting for the completion and review of Phase 2b enabling studies before determining whether to commence the next stage of clinical development. All clinical studies in this program are fully funded and paid for by GSK.

Bacterial Infections Program

Telavancin

In October 2009, Astellas and we announced that Astellas Pharma Europe B.V. submitted a MAA to the EMEA for telavancin for the treatment of NP, including ventilator-associated pneumonia, and complicated skin and soft tissue infections in adults (cSSTI). The EMEA has since completed the Validation Phase for the MAA and initiated the scientific review of the application.

On November 27, 2009 we announced that we received a Complete Response letter from the FDA relating to our telavancin NDA for NP, which was filed in January 2009. The Complete Response instructed us that submission of additional data and analyses for the NP patient population to support an evaluation of all-cause mortality as the primary efficacy endpoint was necessary to demonstrate the safety and efficacy of telavancin for the treatment of NP. The Phase 3 NP clinical program included clinical response as the primary efficacy endpoint, consistent with current draft FDA guidelines for antibacterial clinical trial design in NP, and all-cause mortality as a secondary endpoint. The Complete Response did not specify the time point at which the FDA will measure the all-cause mortality data, nor did it indicate the populations in which these analyses will be considered. The Complete Response letter also requested a scientific rationale for pooling the all-cause mortality data from the two studies as they may individually be of insufficient size and statistical power to support the evaluation of all-cause mortality as the primary efficacy endpoint.

We responded to the Complete Response letter in December 2009. The key elements of our response included a rationale for pooling the two Phase 3 NP studies to evaluate all-cause mortality as the primary efficacy endpoint and all available all-cause mortality data that was analyzed using Kaplan-Meier survival estimates. In January 2010, the FDA sent us a letter notifying us that it considered our response "incomplete," and stating that even if pooling of the two studies is acceptable for analyzing mortality, the two pooled studies would then equate to only one adequate and well-controlled trial and therefore would not constitute the substantial evidence of efficacy required for approval. In addition, the FDA noted that the adequacy and similarity of populations across the studies for the purposes of pooling had not yet been determined, and is still a review issue. Finally, the FDA also noted several design criteria that should be taken into account in the design of new clinical trials. These design criteria do not include a specific primary endpoint for the evaluation of efficacy, the size or number of studies required, or what the appropriate statistical analysis might be. As a result, the design, size and scope of any additional studies required by the FDA are unclear at this time. With regard to our telavancin NP NDA, we believe that the FDA's position is that it will require data from an additional clinical study or studies before it will consider the NP NDA for approval and we do not currently intend to conduct any such studies.

Other Pipeline Programs

In addition to telavancin, RELOVAIR and MABA, we have a number of other clinical-stage programs for bacterial infections, gastrointestinal motility and cognitive disorders.

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TD-1792 is our investigational heterodimer antibiotic that combines the antibacterial activities of a glycopeptide and a beta-lactam in one molecule. The goal of our program with TD-1792 is to develop a next-generation antibiotic for the treatment of serious infections caused by Gram-positive bacteria. During the third quarter of 2009, we began a Phase 1 bronchoalveolar lavage (BAL) study that will provide data on the penetration of TD-1792 into lung tissue and lung fluids in order to evaluate the potential of this compound as a treatment for NP.

Our Gastrointestinal (GI) Motility Dysfunction program is dedicated to finding new medicines for GI motility disorders such as chronic idiopathic constipation (CIC) and other disorders related to reduced gastrointestinal motility. Our lead compound in this area is TD-5108, a highly selective 5-HT_4 receptor agonist that has successfully completed a 400 patient Phase 2 study in CIC.

We are also developing TD-1211, an oral peripheral Mu-opioid antagonist (PUMA) for the treatment of opioid-induced bowel constipation. We completed a successful single-ascending dose Phase 1 study with TD-1211 and recently progressed the compound into a multiple-ascending dose Phase 1 study.

In cognitive disorders, we are currently evaluating compounds TD-5108 and TD-8954 as potential treatments for Alzheimer's disease. In the second quarter of 2009, we announced that TD-8954 successfully completed a single-ascending dose Phase 1 study. Recently we began multiple-ascending dose Phase 1 studies with each of TD-5108 and TD-8954 to evaluate their penetration into the central nervous system.

In our MARIN program for the treatment of neuropathic pain, we have completed IND-enabling studies with compound TD-9855 and anticipate commencing Phase 1 studies later in 2010.

Available Information

Our Internet address is *www.theravance.com*. Information contained on our web site does not constitute a part of this prospectus supplement and the accompanying 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

Common stock offered by us	7,500,000 shares
Common stock subject to over-allotment option from us	1,125,000 shares
Common stock to be outstanding immediately after this offering	71,731,858 shares (72,856,858 shares if the underwriters exercise their over-allotment option in full)
Use of proceeds	We plan to use the net proceeds from this offering for general corporate purposes, which may include, among other things, funding clinical and preclinical development of our product candidates, drug research activities, manufacture of preclinical and clinical drug supplies, capital expenditures, working capital, acquisitions of technology or drug candidates, funding of obligations under partnership agreements and repayment of debt. See "Use of Proceeds."
Risk factors	See "Risk Factors" beginning on page S-10 for a discussion of factors you should consider carefully before making an investment decision.
NASDAQ Global Market Symbol	THRX

The number of shares of common stock that will be outstanding after this offering is based on 64,231,858 shares of our common stock (including our Class A common stock) outstanding as of December 31, 2009, and excludes:

- 8,413,869 shares of common stock issuable upon the exercise of options outstanding as of December 31, 2009 under our 2004 Equity Incentive Plan and our 2008 New Employee Equity Incentive Plan, at a weighted-average exercise price of $16.63 per share;
- 2,042,099 shares of common stock issuable upon vesting of outstanding restricted stock units as of December 31, 2009, of which 544,410 are performance-contingent restricted stock units (expected to be forfeited in April 2010 pursuant to their terms); and
- 2,198,163 shares of common stock reserved for future issuance as of December 31, 2009 under our 2004 Equity Incentive Plan, our 2008 New Employee Equity Incentive Plan and our Amended and Restated 2004 Employee Stock Purchase Plan.

Unless otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their right to purchase up to an additional 1,125,000 shares of common stock to cover over-allotments.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present our summary consolidated statements of operations data for 2007 through 2009 and consolidated balance sheet data as of December 31, 2009. 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, 2009. Our historical results are not necessarily indicative of the results that may be expected in the future.

	Year Ended December 31,		
	2007	2008	2009
	(in thousands, except per share data)		
Consolidated Statement of Operations Data:			
Revenue	$ 22,002	$ 23,096	$ 24,374
Operating expenses:			
Research and development(1)	155,254	82,020	77,524
General and administrative(1)	35,313	28,861	27,066
Restructuring charges		5,419	1,145
Total operating expenses	190,567	116,300	105,735
Loss from operations	(168,565)	(93,204)	(81,361)
Interest income and other	8,661	5,242	2,111
Interest expense	(93)	(5,681)	(6,052)
Net loss	$ (159,997)	$ (93,643)	$ (85,302)
Net loss per share, basic and diluted	$ (2.64)	$ (1.53)	$ (1.35)
Shares used in computing net loss share, basic and diluted	60,498	61,390	63,027

(1) Stock-based compensation, consisting of stock-based compensation expense under SFAS 123(R), and the value of options issued to non-employees for services rendered, is allocated as follows (in thousands):

	Year Ended December 31,		
	2007	2008	2009
Research and development	$ 13,133	$ 10,264	$ 11,542
General and administrative	9,361	7,755	8,458
Total stock-based compensation expense	$ 22,494	$ 18,019	$ 20,000

The following table presents our consolidated balance sheet data as of December 31, 2009 on an actual basis and on an as adjusted basis to reflect the sale of shares of our common stock in this offering at an assumed public offering price of $12.57 per share, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	As of December 31, 2009	
	Actual (in thousands) (audited)	As Adjusted (in thousands) (unaudited)
Consolidated Balance Sheet Data:		
Cash, cash equivalents and marketable securities	$ 155,390	$ 244,305
Working capital	123,096	212,011

Total assets	181,393	270,308
Long-term liabilities(2)	331,441	331,441
Accumulated deficit	(1,116,754)	(1,116,754)
Total stockholders' net capital deficiency	(188,994)	(100,079)

(2) Long-term liabilities include the long-term portion of deferred revenue of approximately $157.4 million as of December 31, 2009.

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RISK FACTORS

Risks Related to our Business

If the RELOVAIR Phase 3 program in asthma or chronic obstructive pulmonary disease (COPD) does not demonstrate safety and efficacy, the RELOVAIR program will be significantly delayed or terminated, our business will be harmed, and the price of our securities could fall.

In late 2008 and early 2009, we announced results from multiple RELOVAIR program Phase 2b asthma studies and a COPD study; the Phase 3 program for COPD commenced in October 2009 and the Phase 3 program for asthma is currently recruiting patients. Any adverse developments or results or perceived adverse developments or results with respect to the RELOVAIR program will significantly harm our business and could cause the price of our securities to fall. Examples of such adverse developments include, but are not limited to:

- the U.S. Food and Drug Administration (FDA) determining that any of the Phase 2b asthma studies failed to meet study endpoints or raised safety concerns, or that additional clinical studies are required with respect to Phase 3 asthma studies;
- the FDA concluding that any of the Phase 3 enabling studies or other clinical or preclinical studies currently underway raise safety or other concerns;
- the FDA, after being presented with data from the Phase 2b studies as well as additional studies, requiring further evidence that the long-acting $beta_2$ agonist (LABA) is a once-daily medication;
- the Phase 3 program in asthma or COPD raising safety concerns or not demonstrating efficacy; or
- any change in FDA policy or guidance regarding the use of LABAs to treat asthma or COPD.

On February 18, 2010 the FDA announced that LABAs should not be used alone in the treatment of asthma, and will require manufacturers to include this warning in the product labels of these drugs, along with taking other steps to reduce the overall use of these medicines. The FDA will now require that the product labels for LABA medicines reflect, among other things, that the use of LABAs is contraindicated without the use of an asthma controller medication such as an inhaled corticosteroid, that LABAs should only be used long-term in patients whose asthma cannot be adequately controlled on asthma controller medications, and that LABAs should be used for the shortest duration of time required to achieve control of asthma symptoms and discontinued, if possible, once asthma control is achieved. In addition, on March 10 and 11, 2010, the FDA held an Advisory Committee to discuss the design of medical research studies (known as "clinical trial design") to evaluate serious asthma outcomes (such as hospitalizations, a procedure using a breathing tube known as intubation, or death) with the use of LABAs in the treatment of asthma in adults, adolescents, and children. It is unknown at this time what, if any, effect these recent or future FDA actions will have on the development of the RELOVAIR program. The current uncertainty regarding the FDA's position on LABAs for the treatment of asthma and the lack of consensus expressed at the recent Advisory Committee may result in increased time and cost of the asthma clinical trials in the United States for RELOVAIR and may increase the overall risk of the RELOVAIR asthma program in the United States.

With regard to our telavancin NP NDA, we believe that the FDA's position is that it will require data from an additional clinical study or studies before it will consider the NP NDA for approval and we do not currently intend to conduct any such studies.

Our first New Drug Application (NDA) for telavancin was submitted in late 2006 and on September 11, 2009 the FDA approved VIBATIV (telavancin) for the treatment of adults with complicated skin and skin structure infections (cSSSI) caused by susceptible Gram-positive bacteria. In January 2009 we submitted a second telavancin NDA to the FDA for the NP indication and we

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received a Complete Response letter from the FDA in late November 2009. The Complete Response instructed us that submission of additional data and analyses for the NP patient population to support an evaluation of all-cause mortality as the primary efficacy endpoint is necessary to demonstrate the safety and efficacy of telavancin. The Phase 3 NP clinical program included clinical response as the primary efficacy endpoint, consistent with current draft FDA guidelines for antibacterial clinical trial design in NP, and all-cause mortality as a secondary endpoint. The Complete Response did not specify the time point at which the FDA will measure the all-cause mortality data, nor did it indicate the populations in which these analyses will be considered. The Complete Response letter also requested a scientific rationale for pooling the all-cause mortality data from the two studies as they may individually be of insufficient size and statistical power to support the evaluation of all-cause mortality as the primary efficacy endpoint.

We responded to the Complete Response letter in December 2009. The key elements of our response included a rationale for pooling the two Phase 3 NP studies to evaluate all-cause mortality as the primary efficacy endpoint and all available all-cause mortality data which was analyzed using Kaplan-Meier survival estimates. In January 2010 the FDA sent us a letter notifying us that it considered our response "incomplete," and stating that even if pooling of the two studies is acceptable for analyzing mortality, the two pooled studies would then equate to only one adequate and well-controlled trial and therefore would not constitute the substantial evidence of efficacy required for approval. In addition, the FDA noted that the adequacy and similarity of populations across the studies for the purposes of pooling had not yet been determined, and is still a review issue. Finally, the FDA also suggested several design criteria that should be taken into account in the design of new clinical trials. These design criteria do not include a specific primary endpoint for the evaluation of efficacy, the size or number of studies required, or what the appropriate statistical analysis might be. As a result, the design, size and scope of any additional studies required by the FDA are unclear at this time. With regard to our telavancin NP NDA, we believe that the FDA's position is that it will require data from an additional clinical study or studies before it will consider the NP NDA for approval and we do not currently intend to conduct any such studies. Any further adverse developments or perceived adverse developments with respect to telavancin for the NP indication could harm our business and cause the price of our securities to fall.

If telavancin is not approved by the European Medicines Agency (EMEA) or if the EMEA requires data from additional clinical studies of telavancin, our business will be adversely affected and the price of our securities could fall.

On October 28, 2009, Astellas Pharma Europe B.V., a subsidiary of our telavancin partner, Astellas Pharma Inc. (Astellas), announced that it submitted a new European marketing authorization application (MAA) for telavancin to the European Medicines Agency (EMEA) for the treatment of complicated skin and soft tissue infections (cSSTI) and NP and on November 30, 2009 we announced that the EMEA had completed the validation phase for the MAA and the EMEA's scientific review process had begun. In October 2008, we announced that Astellas Pharma Europe B.V. voluntarily withdrew a previously filed MAA for telavancin for the treatment of cSSTI from the EMEA based on communications from the Committee for Medicinal Products for Human Use (CHMP) of the EMEA that the data provided were not sufficient to allow the CHMP to conclude a positive benefit-risk balance for telavancin for the sole indication of cSSTI at that time.

If the EMEA does not approve our application, requires data from additional clinical studies regarding telavancin, or if telavancin is ultimately approved by the EMEA but with restrictions, including labeling that may limit the targeted patient population, our business will be harmed and the price of our securities could fall.

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If our product candidates, in particular the lead compounds in the RELOVAIR program with GSK that recently commenced a Phase 3 clinical program and telavancin for the treatment of NP, are determined to be unsafe or ineffective in humans, our business will be adversely affected and the price of our securities could fall.

Although our first approved produ