

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
 Under
The Securities Act of 1933

THERAVANCE BIOPHARMA, INC.

(Exact name of registrant as specified in its charter)

Cayman Islands
 (State or other jurisdiction of
 incorporation or organization)

Not Applicable
 (IRS Employer
 Identification No.)

PO Box 309
George Town, Grand Cayman, Cayman Islands KY1-1104
 (Address of principal executive offices) (Zip Code)

Theravance Biopharma, Inc. 2013 Equity Incentive Plan
Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan
 (Full title of the Plan)

Renee D. Gala
Senior Vice President, Finance
c/o Theravance Biopharma US, Inc.
901 Gateway Boulevard
South San Francisco, California 94080
 (Name and address of agent for service)

(650) 808-6000
 (Telephone number, including area code, of agent for service)

Indicate by check mark whether the registrant is a large accelerated filer, 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.

Large accelerated filer
 Non-accelerated filer

Accelerated filer
 Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Options and Rights to Purchase Ordinary Shares, \$0.00001 par value	6,285,713	N/A	N/A	N/A
Ordinary Shares, \$0.00001 par value	6,285,713	\$ 28.24	\$ 177,508,535	\$ 22,863

- (1) Pursuant to Rule 416 of the Securities Act of 1933, referred to as the Securities Act, this registration statement also covers such additional Ordinary Shares of Theravance Biopharma, Inc. as may become issuable pursuant to the anti-dilution provisions of the Theravance Biopharma, Inc. 2013 Equity Incentive Plan and the Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan (together and, as amended, the "Plans").
- (2) Calculated solely for purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of the average of the high and low prices per Ordinary Share of Theravance Biopharma, Inc. as reported on the Nasdaq Global Market on August 15, 2014.

PART II

Information Required in the Registration Statement

Item 3. Incorporation of Documents by Reference

Theravance Biopharma, Inc. (the "Registrant") hereby incorporates by reference into this Registration Statement the following documents previously filed with the Securities and Exchange Commission (the "SEC"):

- (a) The Registrant's Registration Statement on Form 10 filed with the SEC on May 7, 2014, together with amendments thereto, which contains audited combined financial statements for the fiscal year ended December 31, 2013;
- (b) The Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on June 24, 2014;
- (c) The Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed with the SEC on August 13, 2014;
- (d) The Registrant's Current Reports on Form 8-K filed with the SEC on June 3, 2014 and August 6, 2014; and
- (e) The description of the Registrant's outstanding Ordinary Shares contained in the Registrant's Registration Statement No. 001-36033 on Form 10 filed with the SEC on May 7, 2014, including any amendment or report filed for the purpose of updating such description.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the 1934 Act, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents. The Registrant is not, however, incorporating any documents or information that the Registrant is deemed to furnish and not file in accordance with SEC rules.

Item 4. Description of Securities

Not applicable.

Item 5. Interests of Named Experts and Counsel

Not applicable.

Item 6. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. The Registrant's amended and restated articles of association provide for indemnification of officers and directors for actions, costs, charges, losses, damages and actual expenses incurred in their capacities as such, except that such indemnification does not extend to any matter in respect of any actual fraud or willful default that may attach to any of them. The Registrant has entered into indemnification agreements with our officers and directors providing for indemnification to the fullest extent permitted by Cayman Islands law and, in certain respects, the indemnification agreements provide greater protection than that specifically provided for by Cayman Islands law. The indemnification agreements do not provide indemnification for, among other things, conduct which is found to be knowingly fraudulent or deliberately dishonest, or for willful misconduct. The Registrant maintains liability insurance for its officers and directors.

Item 7. Exemption from Registration Claimed

Not applicable.

Item 8. Exhibits

<u>Exhibit Number</u>	<u>Exhibit</u>
4.1	Amended and Restated Memorandum and Articles of Association of the Registrant. (Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement No. 001-36033 on Form 10-12B/A filed with the SEC on April 30, 2014)
4.2	Registration Rights Agreement of the Registrant. (Incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement No. 001-36033 on Form 10-12B/A filed with the SEC on April 8, 2014)
5	Opinion and consent of Maples and Calder.
23.1	Consent of Independent Registered Public Accounting Firm.
23.2	Consent of Maples and Calder is contained in Exhibit 5.
24	Power of Attorney. Reference is made to page II-3 of this Registration Statement.
99.1	Theravance Biopharma, Inc. 2013 Equity Incentive Plan and forms of award agreement thereunder.
99.2	Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan, as amended.

Item 9. Undertakings

A. The undersigned Registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "1933 Act"), (ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement, and (iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement; provided, however, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the 1934 Act that are incorporated by reference in this Registration Statement; (2) that for the purpose of determining any liability under the 1933 Act each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the Registrant's 2013 Equity Incentive Plan and 2013 Employee Share Purchase Plan.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the 1933 Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the 1934 Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the 1933 Act may be permitted to directors, officers or controlling persons of the Registrant pursuant to the indemnification provisions summarized in Item 6 or otherwise, the Registrant has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the 1933 Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of South San Francisco, State of California on this 18th day of August, 2014.

Theravance Biopharma, Inc.

By: /s/ Rick E Winningham
Rick E Winningham
Chief Executive Officer, Director and Chairman of the Board of Directors

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

That the undersigned officers and directors of Theravance Biopharma, Inc., a Cayman Islands exempted limited liability company, do hereby constitute and appoint Rick E Winningham and Renee D. Gala, and any of them, the lawful attorneys-in-fact and agents with full power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, and either one of them, determine may be necessary or advisable or required to enable said corporation to comply with the Securities Act of 1933, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with this Registration Statement. Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to this Registration Statement, to any and all amendments, both pre-effective and post-effective, and supplements to this Registration Statement, and to any and all instruments or documents filed as part of or in conjunction with this Registration Statement or amendments or supplements thereof, and each of the undersigned hereby ratifies and confirms all that said attorneys and agents, or either one of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Rick E Winningham</u> Rick E Winningham	Chief Executive Officer, Director and Chairman of the Board of Directors (Principal Executive Officer)	August 18, 2014
<u>/s/ Renee D. Gala</u> Renee D. Gala	Senior Vice President, Finance (Principal Financial and Accounting Officer)	August 18, 2014

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael G. Atieh</u> Michael G. Atieh	Director	August 18, 2014
<u>/s/ Eran Brosky</u> Eran Brosky	Director	August 18, 2014
<u>/s/ Henrietta H. Fore</u> Henrietta H. Fore	Director	August 18, 2014
<u>/s/ Robert V. Gunderson, Jr.</u> Robert V. Gunderson, Jr.	Director	August 18, 2014
<u>/s/ Dean J. Mitchell</u> Dean J. Mitchell	Director	August 18, 2014
<u>/s/ Burton G. Malkiel, Ph.D.</u> Burton G. Malkiel, Ph.D.	Director	August 18, 2014
<u>/s/ Peter S. Ringrose, Ph.D.</u> Peter S. Ringrose, Ph.D.	Director	August 18, 2014
<u>/s/ George M. Whitesides, Ph.D.</u> George M. Whitesides, Ph.D.	Director	August 18, 2014
<u>/s/ William D. Young</u> William D. Young	Director	August 18, 2014

EXHIBIT INDEX

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99.2	Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan, as amended.

Theravance Biopharma, Inc.
c/o Maples Corporate Services Limited
PO Box 309, Umland House
Grand Cayman
KY1-1104
Cayman Islands

15 August 2014

Dear Sirs

Theravance Biopharma, Inc.

We have acted as Cayman Islands counsel to Theravance Biopharma, Inc. (the “**Company**”) in connection with the Company’s registration statement (the “**Registration Statement**”) on Form S-8, including all amendments or supplements thereto (the “**Form S-8**”), filed with the United States Securities and Exchange Commission (the “**Commission**”) under the United States Securities Act of 1933, as amended, (the “**Act**”) covering up to 6,285,713 ordinary shares of a par value of US\$0.00001 per share (the “**Shares**”) to be issued by the Company pursuant to its 2013 Equity Incentive Award Plan and its 2013 Employee Share Purchase Plan (the “**Plans**”).

1 Documents Reviewed

We have reviewed originals, copies, drafts or conformed copies of the following documents:

- 1.1 The Certificate of Incorporation dated 29 July 2013 and the amended and restated memorandum and articles of association of the Company adopted on 28 April 2014 (the “**Memorandum and Articles**”).
 - 1.2 The minutes (the “**Minutes**”) of the meetings of the board of directors of the Company held on 22 October 2013, 19 March 2014, 23 May 2014 and 21 July 2014 (the “**Meetings**”) and the corporate records of the Company maintained at its registered office in the Cayman Islands.
 - 1.3 The written resolutions of the sole shareholder of the Company dated 28 April 2014 (the “**Shareholder Resolutions**”).
 - 1.4 A Certificate of Good Standing issued by the Registrar of Companies (the “**Certificate of Good Standing**”).
 - 1.5 A certificate from a Director of the Company addressed to this firm (the “**Director’s Certificate**”).
 - 1.6 The Registration Statement.
-

1.7 The Plans.

2 Assumptions

The following opinion is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion. This opinion only relates to the laws of the Cayman Islands which are in force on the date of this opinion. In giving this opinion we have relied (without further verification) upon the completeness and accuracy of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

- 2.1 Copy documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals, and translations of documents provided to us are complete and accurate.
- 2.2 All signatures, initials and seals are genuine.
- 2.3 The Plans have been authorised and duly executed and unconditionally delivered by or on behalf of the Company in accordance with all relevant laws (other than the laws of the Cayman Islands).
- 2.4 The Plans are legal, valid, binding and enforceable against all relevant parties in accordance with its terms under all relevant laws (other than, with respect to the Company, the laws of the Cayman Islands).
- 2.5 No invitation has been or will be made to the public in the Cayman Islands to subscribe for or purchase the Shares.
- 2.6 The Shares to be issued by the Company pursuant to the Registration Statement will be issued by the Company against payment in full of the consideration and the Shares have been, or will be, duly registered, and will continue to be registered, in the Company's register of members (shareholders), as we have not inspected such register.
- 2.7 The Company has received, or will receive, money or money's worth in consideration for the issue of the Shares, and none of the Shares have, or will be, issued for less than par value.
- 2.8 There is nothing under any law (other than the law of the Cayman Islands) which would or might affect the opinions hereinafter appearing. Specifically, we have made no independent investigation of the laws of the United States of America.

3 Opinions

Based upon, and subject to, the foregoing assumptions and the qualifications set out below, and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Shares to be offered and issued by the Company pursuant to the provisions of the Plans have been duly authorised for issue, and when issued by the Company pursuant to the provisions of the Plans for the consideration fixed thereto and duly registered in the Company's register of members (shareholders), will be validly issued and (assuming that at least the par value of each Share is received by the Company) will be fully paid and non-assessable.

Under Cayman Islands law, the register of members (shareholders) is *prima facie* evidence of title to shares and this register would not record a third party interest in such shares. However, there are certain limited circumstances where an application may be made to a Cayman Islands court for a determination on whether the register of members reflects the correct legal position. Further, the Cayman Islands court has the power to order that the register of members maintained by a company should be rectified where

it considers that the register of members does not reflect the correct legal position. As far as we are aware, such applications are rarely made in the Cayman Islands, but if this were to occur in respect of the Company's Shares, then the validity of such shares may be subject to re-examination by a Cayman Islands court.

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

This opinion is limited to the matters detailed herein and is not to be read as an opinion with respect to any other matter.

Yours faithfully

/s/ Maples and Calder

Maples and Calder

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to the Theravance Biopharma, Inc. 2013 Equity Incentive Plan and the Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan of our report dated April 8, 2014, with respect to the combined financial statements of Theravance Biopharma, Inc. included in our Preliminary Information Statement dated May 6, 2014 filed by Theravance Biopharma, Inc. with the Securities and Exchange Commission in relation to its Registration Statement on Form 10.

/s/ Ernst & Young, LLP

Redwood City, California

August 13, 2014

THERAVANCE BIOPHARMA, INC.
2013 EQUITY INCENTIVE PLAN
(AS ADOPTED EFFECTIVE OCTOBER 22, 2013)

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THERAVANCE BIOPHARMA, INC.
2013 EQUITY INCENTIVE PLAN

ARTICLE I. INTRODUCTION.

The Plan was adopted by the Board on October 22, 2013, to be effective immediately, although no Awards may be granted under the Plan prior to the Registration Date. The purpose of the Plan is to promote the long-term success of the Company and the creation of shareholder value by (a) encouraging Employees, Outside Directors and Consultants to focus on critical long-range objectives, (b) encouraging the attraction and retention of Employees, Outside Directors and Consultants with exceptional qualifications, and (c) linking Employees, Outside Directors and Consultants directly to shareholder interests through increased share ownership. The Plan seeks to achieve this purpose by providing for the following Awards: (i) Options (which may constitute ISOs or NSOs), (ii) SARs, (iii) Restricted Shares, (iv) Share Units and (v) Performance Cash Awards.

The Plan shall be governed by, and construed in accordance with, the laws of the Cayman Islands (except its choice-of-law provisions).

ARTICLE II. ADMINISTRATION.

2.1 **General.** The Plan may be administered by the Board or one or more Committees. Each Committee shall have the authority and be responsible for such functions as have been assigned to it.

2.2 **Section 162(m).** To the extent an Award is intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two or more “outside directors” within the meaning of Section 162(m) of the Code.

2.3 **Section 16.** To the extent desirable to qualify transactions hereunder as exempt under Exchange Act Rule 16b-3, the transactions contemplated hereunder will be approved by the entire Board or a Committee of two or more “non-employee directors” within the meaning of Exchange Act Rule 16b-3.

2.4 **Powers of Administrator.** Subject to the terms of the Plan, and in the case of a Committee, subject to the specific duties delegated to the Committee, the Administrator shall have the authority to (a) select the Employees, Outside Directors and Consultants who are to receive Awards under the Plan, (b) determine the type, number, vesting requirements and other features and conditions of such Awards, (c) determine whether and to what extent any performance goals have been attained, (d) interpret the Plan and Awards granted under the Plan, (e) make, amend and rescind rules relating to the Plan and Awards granted under the Plan, including rules relating to sub-plans established for the purposes of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws, (f) impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant of any Ordinary Shares issued pursuant to an Award, including

restrictions under an insider trading policy and restrictions as to the use of a specified brokerage firm for such resales, and (g) make all other decisions relating to the operation of the Plan and Awards granted under the Plan.

2.5 **Effect of Administrator's Decisions.** The Administrator's decisions, determinations and interpretations shall be final and binding on all Employees, Outside Directors and Consultants and any other holders of Awards.

ARTICLE III. SHARES AVAILABLE FOR GRANTS.

3.1 **Basic Limitation.** Ordinary Shares issued pursuant to the Plan may be authorized but unissued shares. The aggregate number of Ordinary Shares that may be issued pursuant to Share Awards granted under the Plan shall not exceed the sum of (a) 5,428,571 shares and (b) the additional Ordinary Shares described in Sections 3.2, 3.3 and 3.4. The numerical limitations in this Section 3.1 shall be subject to adjustment pursuant to Article 11. The number of Ordinary Shares that are subject to Options or other Share Awards outstanding at any time under the Plan shall not exceed the number of Ordinary Shares that then remain available for issuance under the Plan.

3.2 **Annual Increase in Shares.** As of January 1st of each year, commencing on January 1, 2015 and ending on (and including) January 1, 2023, the aggregate number of Ordinary Shares that may be issued under the Plan shall automatically increase by a number equal to the least of (a) 5% of the total number of Ordinary Shares outstanding on December 31 of the prior year, (b) 3,428,571 Ordinary Shares (subject to adjustment pursuant to Article 11), or (c) a number of Ordinary Shares determined by the Board.

3.3 **Additional Shares.** If Restricted Shares or Ordinary Shares issued upon the exercise of Options under the Plan are forfeited (or surrendered as a matter of Cayman Islands law) or repurchased, then such Ordinary Shares shall again become available for issuance under the Plan. If Share Units, Options or SARs under the Plan are forfeited (or surrendered as a matter of Cayman Islands law), settled in cash (in whole or in part) or terminate for any other reason before being exercised or settled in full, then the corresponding Ordinary Shares shall again become available for issuance under the Plan. If SARs are exercised, then only the number of Ordinary Shares (if any) actually issued to the Participant in settlement of such SARs shall reduce the number available under Article 3.1 and the balance shall again become available for issuance under the Plan. Ordinary Shares applied to pay the Exercise Price of Options or to satisfy tax withholding obligations related to any Award shall thereafter be available for issuance under the Plan. To the extent that an Award is settled in cash rather than Ordinary Shares, the cash settlement shall not reduce the number of Ordinary Shares available for issuance under the Plan.

3.4 **Shares Subject to Substituted Awards.** The number of Ordinary Shares subject to Substitute Awards granted by the Company shall not reduce the number of Ordinary Shares that may be issued under Section 3.1, nor shall shares subject to Substitute Awards again be available for Awards under the Plan to the extent of any forfeiture (or surrender as a matter of Cayman Islands law), expiration or cash settlement as provided under Section 3.3. Additionally, to the extent permitted by Nasdaq Marketplace Rule 5635(c) or any successor thereto, in the

event that a company acquired by the Company, a Subsidiary or any Affiliate or with which the Company, a Subsidiary or any Affiliate combines has shares available for awards or grants under one or more pre-existing plans not adopted in contemplation of such acquisition or combination and previously approved by the acquired entity's shareholders, then, to the extent determined by the Administrator, the shares available for award or grant pursuant to the terms of such pre-existing plan(s) (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to holders of the securities of the entities that are parties to such acquisition or combination) may be used for Share Awards under the Plan and shall not reduce the number of Ordinary Shares that may be issued under Section 3.1; provided however, that Share Awards using such shares shall not be made after the date awards or grants could have been made under the terms of such pre-existing plan(s), absent the acquisition or combination, and shall only be made to individuals who were not employed by or providing service to the Company or its Affiliates immediately prior to such acquisition or combination.

3.5 **Certain Share Limits.** Subject to adjustment in accordance with Article 11:

(a) The aggregate number of Ordinary Shares subject to Options and SARs that may be granted under this Plan during any fiscal year to any one Participant shall not exceed 1,142,857, except that the Company may grant to a new Employee in the fiscal year in which his or her service as an Employee first commences Options and/or SARs that cover (in the aggregate) up to an additional 1,142,857 Ordinary Shares;

(b) No more than 5,428,571 Ordinary Shares plus the additional Ordinary Shares described in Section 3.2 may be issued under the Plan upon the exercise of ISOs; and

(c) The aggregate number of Ordinary Shares subject to Options and SARs that may be granted under this Plan during any fiscal year to any one Outside Director shall not exceed 228,571. The aggregate number of Ordinary Shares subject to Share Awards other than Options and SARs that may be granted under this Plan during any fiscal year to any one Outside Director shall not exceed 228,571.

ARTICLE IV. ELIGIBILITY.

4.1 **ISOs.** Only Employees who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, an Employee who owns more than 10% of the total combined voting power of all classes of outstanding shares of the Company or any of its Parents or Subsidiaries shall not be eligible for the grant of an ISO unless the requirements set forth in section 422(c)(5) of the Code are satisfied.

4.2 **Other Grants.** Awards other than ISOs may only be granted to Employees, Outside Directors and Consultants.

ARTICLE V. OPTIONS.

5.1 **Option Agreement.** Each grant of an Option under the Plan shall be evidenced by an Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent

with the Plan. The Option Agreement shall specify whether the Option is an ISO or an NSO. The provisions of the various Option Agreements entered into under the Plan need not be identical. Options may be granted in consideration of a reduction in the Optionee's other compensation.

5.2 **Number of Shares.** Each Option Agreement shall specify the number of Ordinary Shares subject to the Option and shall provide for the adjustment of such number in accordance with Article 11.

5.3 **Exercise Price.** Each Option Agreement shall specify the Exercise Price; provided that the Exercise Price shall in no event be less than 100% of the Fair Market Value of an Ordinary Share on the date of grant nor shall the Exercise Price be less than the par value of an Ordinary Share. This Section 5.3 shall not apply to an Option that is a Substitute Award granted in a manner that would satisfy the requirements of Sections 409A, 424(a) and/or 457A of the Code, to the extent applicable.

5.4 **Exercisability and Term.** Each Option Agreement shall specify the date or event when all or any installment of the Option is to become exercisable. Such date or event may be determined by the satisfaction of performance conditions established by the Administrator. An Option Agreement may provide for the automatic exercise of the Option. The Option Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed 10 years from the date of grant. An Option Agreement may provide for accelerated exercisability in the event of a Change in Control, the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's service. Options may be awarded in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited.

5.5 **Modification or Assumption of Options.** Within the limitations of the Plan, the Administrator may modify, reprice, extend, or assume outstanding options or may accept the cancellation of outstanding options (whether granted by the Company or by another issuer) in return for the grant of new options for the same or a different number of shares and at the same or a different exercise price or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair his or her rights or obligations under such Option.

5.6 **Buyout Provisions.** The Administrator may at any time (a) offer to buy out for a payment in cash or cash equivalents an Option previously granted or (b) authorize an Optionee to elect to cash out an Option previously granted, in either case at such time and based upon such terms and conditions as the Administrator shall establish.

ARTICLE VI. PAYMENT FOR OPTION SHARES.

6.1 **General Rule.** The entire Exercise Price of Ordinary Shares issued upon exercise of Options shall be payable in cash or cash equivalents at the time such Ordinary Shares are purchased, except that the Administrator at its sole discretion may accept payment of the Exercise Price in any other form(s) described in this Article 6. However, if the Optionee is an

Outside Director or executive officer of the Company, he or she may pay the Exercise Price in a form other than cash or cash equivalents only to the extent permitted by section 13(k) of the Exchange Act.

6.2 **Surrender of Shares.** With the Administrator's consent, all or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Ordinary Shares that are already owned by the Optionee. As a matter of Cayman Islands law, such surrender shall take effect as a repurchase if such Ordinary Shares that are already owned by the Optionee in consideration for the issue by the Company to the Optionee of the Ordinary Shares to be issued upon exercise of the Options. Such Ordinary Shares shall be valued at their Fair Market Value on the date the new Ordinary Shares are purchased under the Plan.

6.3 **Exercise/Sale.** With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) an irrevocable direction to a securities broker approved by the Company to sell all or part of the Ordinary Shares being purchased under the Plan and to deliver all or part of the sales proceeds to the Company.

6.4 **Exercise/Pledge.** With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) an irrevocable direction to pledge all or part of the Ordinary Shares being purchased under the Plan to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company.

6.5 **Net Exercise.** With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid through a net exercise procedure.

6.6 **Promissory Note.** To the extent permitted by Section 13(k) of the Exchange Act, with the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid by delivering (on a form prescribed by the Company) a full-recourse promissory note.

6.7 **Other Forms of Payment.** With the Administrator's consent, all or any part of the Exercise Price and any withholding taxes may be paid in any other form that is consistent with applicable laws, regulations and rules.

ARTICLE VII. SHARE APPRECIATION RIGHTS.

7.1 **SAR Agreement.** Each grant of an SAR under the Plan shall be evidenced by an SAR Agreement between the Optionee and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical. SARs may be granted in consideration of a reduction in the Optionee's other compensation.

7.2 **Number of Shares.** Each SAR Agreement shall specify the number of Ordinary Shares to which the SAR pertains and shall provide for the adjustment of such number in accordance with Article 11.

7.3 **Exercise Price.** Each SAR Agreement shall specify the Exercise Price which shall not be less than 100% of the Fair Market Value of an Ordinary Share on the date of grant nor shall the Exercise Price be less than the par value of an Ordinary Share. The preceding sentence shall not apply to an SAR that is a Substitute Award granted in a manner that would satisfy the requirements of Sections 409A, 424(a) and/or 457A of the Code, to the extent applicable. An SAR Agreement may specify an Exercise Price that varies in accordance with a predetermined formula while the SAR is outstanding.

7.4 **Exercisability and Term.** Each SAR Agreement shall specify the date all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR; provided that the term of a SAR shall in no event exceed 10 years from the date of grant. An SAR Agreement may provide for accelerated exercisability in the event of a Change in Control, the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's service. SARs may be awarded in combination with Options, and such an Award may provide that the SARs will not be exercisable unless the related Options are forfeited. An SAR may be included in an ISO only at the time of grant but may be included in an NSO at the time of grant or thereafter. An SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

7.5 **Exercise of SARs.** Upon exercise of an SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) Ordinary Shares, (b) cash or (c) a combination of Ordinary Shares and cash, as the Administrator shall determine. The amount of cash and/or the Fair Market Value of Ordinary Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Ordinary Shares subject to the SARs exceeds the Exercise Price. If, on the date an SAR expires, the Exercise Price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR shall automatically be deemed to be exercised as of such date with respect to such portion.

7.6 **Modification or Assumption of SARs.** Within the limitations of the Plan, the Administrator may modify, reprice, extend or assume outstanding SARs or may accept the cancellation of outstanding SARs (whether granted by the Company or by another issuer) in return for the grant of new SARs for the same or a different number of shares and at the same of a different exercise price or in return for the grant of a different type of award. The foregoing notwithstanding, no modification of an SAR shall, without the consent of the Optionee, impair his or her rights or obligations under such SAR.

7.7 **Buyout Provisions.** The Administrator may at any time (a) offer to buy out for a payment in cash or cash equivalents an SAR previously granted or (b) authorize an Optionee to elect to cash out an SAR previously granted, in either case at such time and based upon such terms and conditions as the Administrator shall establish.

ARTICLE VIII. RESTRICTED SHARES.

8.1 **Restricted Share Agreement.** Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Share Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Share Agreements entered into under the Plan need not be identical.

8.2 **Payment for Awards.** Subject to the following sentence, Restricted Shares may be sold or awarded under the Plan for such consideration as the Administrator may determine, including (without limitation) cash, cash equivalents, property, full-recourse promissory notes, past services, future services and such other methods of payment as are permitted by applicable laws, regulations and rules. If the Participant is an Outside Director or executive officer of the Company, he or she may pay for Restricted Shares with a promissory note only to the extent permitted by section 13(k) of the Exchange Act. Within the limitations of the Plan, the Administrator may accept the cancellation of outstanding options in return for the grant of Restricted Shares.

8.3 **Vesting Conditions.** Each Award of Restricted Shares may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Agreement. The Administrator may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a specified performance period equal or exceed a target determined in advance by the Administrator. The Administrator shall determine such performance. Such target shall be based on one or more of the criteria set forth in Appendix A or, to the extent an Award is not intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Code, such other criteria selected by the Administrator. A Restricted Share Agreement may provide for accelerated vesting in the event of a Change in Control, the Participant’s death, disability or retirement or other events.

8.4 **Voting and Dividend Rights.** The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company’s other shareholders. A Restricted Share Agreement, however, may require that the holders of Restricted Shares invest any cash dividends received in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid. Cash dividends with respect to any Restricted Shares and any other property (other than cash) distributed as a dividend or otherwise with respect to Restricted Shares that vest based on the achievement of performance goals shall be accumulated, shall be subject to restrictions and risk of forfeiture to the same extent as the Restricted Shares with respect to which such cash, shares or other property has been distributed and shall be paid at the time such restrictions and risk of forfeiture lapse.

ARTICLE IX. SHARE UNITS AND PERFORMANCE CASH AWARDS.

9.1 **Share Unit Agreement.** Each grant of Share Units under the Plan shall be evidenced by a Share Unit Agreement between the recipient and the Company. Such Share Units shall be subject to all applicable terms of the Plan and may be subject to any other terms

that are not inconsistent with the Plan. The provisions of the various Share Unit Agreements entered into under the Plan need not be identical. Share Units may be granted in consideration of a reduction in the recipient's other compensation.

9.2 **Payment for Awards.** To the extent that an Award is granted in the form of Share Units, no cash consideration shall be required of the Award recipients.

9.3 **Vesting Conditions.** Each Award of Share Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Share Unit Agreement. The Administrator may include among such conditions the requirement that the performance of the Company or a business unit of the Company for a specified performance period equal or exceed a target determined in advance by the Administrator. The Administrator shall determine such performance. Such target shall be based on one or more of the criteria set forth in Appendix A or, to the extent an Award is not intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, such other criteria selected by the Administrator. A Share Unit Agreement may provide for accelerated vesting in the event of a Change in Control, the Participant's death, disability or retirement or other events.

9.4 **Voting and Dividend Rights.** The holders of Share Units shall have no voting rights. Prior to settlement or forfeiture, any Share Unit awarded under the Plan may, at the Administrator's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Ordinary Share while the Share Unit is outstanding. Dividend equivalents may be converted into additional Share Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Ordinary Shares, or in a combination of both. Prior to distribution, any dividend equivalents which are not paid shall be subject to the same conditions and restrictions as the Share Units to which they attach. Notwithstanding the foregoing, dividend equivalents with respect to any Share Units that vest based on the achievement of performance goals shall be subject to the same conditions and restrictions as the Share Units to which they attach.

9.5 **Form and Time of Settlement of Share Units.** Settlement of vested Share Units may be made in the form of (a) cash, (b) Ordinary Shares or (c) any combination of both, as determined by the Administrator. The actual number of Share Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. Methods of converting Share Units into cash may include (without limitation) a method based on the average Fair Market Value of Ordinary Shares over a series of trading days. Vested Share Units may be settled in a lump sum or in installments. The distribution may occur or commence when all vesting conditions applicable to the Share Units have been satisfied or have lapsed, or it may be deferred to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Share Units is settled, the number of such Share Units shall be subject to adjustment pursuant to Article 11.

9.6 **Death of Recipient.** Any Share Units that become payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of Share Units under the Plan shall designate one or more beneficiaries for this purpose by filing the

prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Share Units that become payable after the recipient's death shall be distributed to the recipient's estate.

9.7 **Modification or Assumption of Share Units.** Within the limitations of the Plan, the Administrator may modify or assume outstanding share units or may accept the cancellation of outstanding share units (whether granted by the Company or by another issuer) in return for the grant of new share units for the same or a different number of shares or in return for the grant of a different type of Award. The foregoing notwithstanding, no modification of a Share Unit shall, without the consent of the Participant, impair his or her rights or obligations under such Share Unit.

9.8 **Creditors' Rights.** A holder of Share Units shall have no rights other than those of a general creditor of the Company. Share Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Share Unit Agreement.

9.9 **Performance Cash Awards.** A Performance Cash Award is a cash award that may be granted upon the attainment of certain performance goals for a specified performance period. The Administrator shall determine such performance. The goals applicable to a Performance Cash Award shall be based on one or more of the criteria set forth in Appendix A or, to the extent a Performance Cash Award is not intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, such other criteria selected by the Administrator. Each Performance Cash Award shall be set forth in a written agreement or in a resolution duly adopted by the Administrator which shall contain provisions determined by the Administrator and not inconsistent with the Plan. The terms of various Performance Cash Awards need not be identical. The Administrator may determine, at the time of granting a Performance Cash Award or thereafter, that all or part of such Performance Cash Award shall become earned and payable in the event that the Company is subject to a Change in Control before the Participant's service terminates or as otherwise determined by the Administrator in special circumstances.

ARTICLE X. CHANGE IN CONTROL.

10.1 **Effect of Change in Control.** Unless the Administrator provides otherwise in an Option Agreement, SAR Agreement, Restricted Share Agreement or Share Unit Agreement, in the event of any Change in Control, each outstanding Share Award shall automatically accelerate so that each such Share Award shall, immediately prior to the effective date of the Change in Control, become fully vested and exercisable for all of the Ordinary Shares at the time subject to such Share Award and may be exercised for any or all of those fully-vested Ordinary Shares. ***However, an outstanding Share Award shall not so accelerate if and to the extent such Share Award is, in connection with the Change in Control, either to be assumed by the successor corporation (or parent thereof) or to be replaced with a comparable award from the successor corporation (or parent thereof). The determination of award comparability shall be made by the Administrator, and its determination shall be final, binding and conclusive.***

10.2 **Acceleration.** The Administrator shall have the discretion, exercisable either at the time the Share Award is granted or at any time while the Share Award remains outstanding, to provide for the automatic acceleration of vesting upon the occurrence of a Change in Control, whether or not the Share Award is to be assumed or replaced in the Change in Control, or in connection with a termination of a Participant's service preceding or following a Change in Control.

ARTICLE XI. PROTECTION AGAINST DILUTION.

11.1 **Adjustments.** In the event of a subdivision of the outstanding Ordinary Shares, a declaration of a dividend payable in Ordinary Shares or a combination or consolidation of the outstanding Ordinary Shares (by reclassification or otherwise) into a lesser number of Ordinary Shares, corresponding adjustments shall automatically be made in each of the following:

- (a) The number and kind of shares available for issuance under Article 3, including the numerical share limitations in Section 3.1, 3.2 and 3.5, and the numerical share limitations in Appendix A;
- (b) The number and kind of shares covered by each outstanding Option, SAR and Share Unit; and
- (c) The Exercise Price under each outstanding Option and SAR, and the repurchase price, if any, applicable to outstanding Restricted Shares.

In the event of a declaration of an extraordinary dividend payable in a form other than Ordinary Shares in an amount that has a material effect on the price of Ordinary Shares, a recapitalization, a spin-off or a similar occurrence, the Administrator shall make such adjustments as it, in its sole discretion, deems appropriate in one or more of the foregoing. Any adjustment in the number of and kind of shares subject to a Share Award under this Section 11.1 shall be rounded down to the nearest whole share, although the Administrator in its sole discretion may make a cash payment in lieu of a fractional share. Except as provided in this Article 11, a Participant shall have no rights by reason of any issue by the Company of shares of any class or securities convertible into shares of any class, any subdivision or consolidation of shares of any class, the payment of any share dividend or any other increase or decrease in the number of shares of any class.

11.2 **Dissolution or Liquidation.** To the extent not previously exercised or settled, Options, SARs and Share Units shall terminate immediately prior to the dissolution or liquidation of the Company.

11.3 **Reorganizations.** In the event that the Company is a party to a merger, consolidation, or a Change in Control (other than one described in Section 17.6(c)), all outstanding Share Awards shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Administrator, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Share Awards (or portions thereof) in an identical manner. The treatment specified in the transaction agreement or by the Administrator shall include (without limitation) one or more of the following with respect to each outstanding Share Award:

- (a) The continuation of such outstanding Share Award by the Company (if the Company is the surviving entity).
- (b) The assumption of such outstanding Share Award by the surviving entity or its parent (with respect to Options and SARs, in a manner that complies with applicable tax requirements).
- (c) The substitution by the surviving entity or its parent of an equivalent award for such outstanding Share Award (with respect to Options and SARs, in a manner that complies with applicable tax requirements), including (but not limited to) an award to acquire the same consideration paid to the holders of Ordinary Shares in the transaction.
- (d) Full exercisability of such outstanding Share Award and full vesting of the Ordinary Shares subject to such Share Award, followed by the cancellation of such Share Award. The full exercisability of such Share Award and full vesting of the Ordinary Shares subject to such Share Award may be contingent on the closing of the transaction. The Participant shall be able to exercise such Share Award during a period of not less than five full business days preceding the closing date of such transaction, unless (i) a shorter period is required to permit a timely closing of such transaction and (ii) such shorter period still offers the Participant a reasonable opportunity to exercise such Share Award. Any exercise of such Share Award during such period may be contingent on the closing of such transaction.
- (e) The cancellation of such outstanding Share Award and a payment to the Participant with respect to each Ordinary Share subject to the Share Award as of the transaction date equal to the excess of (i) the value, as determined by the Administrator in its discretion, of the property (including cash) received by the holder of an Ordinary Share as a result of the transaction over (ii) if applicable, the per-share Exercise Price of the Share Award (such excess, the "Spread"). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving entity or its parent with a value equal to the Spread. Such payment may be subject to vesting based on the Participant's continuing service, provided that the vesting schedule shall not be less favorable to the Participant than the schedule under which such Share Award would have become exercisable or such Ordinary Shares would have vested. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of the Company's Ordinary Shares. If the Spread applicable to a Share Award is zero or a negative number, then such Share Award may be cancelled without making a payment to the Participant. In the event that a Share Unit is subject to Code Section 409A, the payment described in this clause (e) shall be made on the settlement date specified in the applicable Share Unit Agreement, provided that settlement may be accelerated in accordance with Treasury Regulation Section 1.409A-3(j)(4).
- (f) The assignment of any reacquisition or repurchase rights held by the Company in respect of an award of Restricted Shares to the surviving entity or its parent, with corresponding proportionate adjustments made to the price per share to be paid upon exercise of any such reacquisition or repurchase rights.

Any action taken under this Section 11.3 shall either preserve a Share Award's status as exempt from Code Section 409A and/or 457A (as applicable) or comply with Code Section 409A and/or 457A (as applicable).

ARTICLE XII. AWARDS UNDER OTHER PLANS.

The Company may grant awards under other plans or programs. Such awards may be settled in the form of Ordinary Shares issued under this Plan. Such Ordinary Shares shall be treated for all purposes under the Plan like Ordinary Shares issued in settlement of Share Units and shall, when issued, reduce the number of Ordinary Shares available under Article 3.

ARTICLE XIII. PAYMENT OF FEES IN SECURITIES.

13.1 **Effective Date.** No provision of this Article 13 shall be effective unless and until the Board has determined to implement such provision.

13.2 **Elections to Receive NSOs, Restricted Shares or Share Units.** An Outside Director may elect to receive his or her annual retainer payments or meeting fees from the Company in the form of cash, NSOs, Restricted Shares or Share Units, or a combination thereof, as determined by the Board. Such NSOs, Restricted Shares and Share Units shall be issued under the Plan. An election under this Article 13 shall be filed with the Company on the prescribed form.

13.3 **Number and Terms of NSOs, Restricted Shares or Share Units.** The number of NSOs, Restricted Shares or Share Units to be granted to Outside Directors in lieu of annual retainers or meeting fees that would otherwise be paid in cash shall be calculated in a manner determined by the Board. The Board shall also determine the terms of such NSOs, Restricted Shares or Share Units.

ARTICLE XIV. LIMITATION ON RIGHTS.

14.1 **No Retention Rights.** Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain an Employee, Outside Director or Consultant. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate the service of any Employee, Outside Director or Consultant at any time, with or without cause, subject to applicable laws, the Company's articles of association and by-laws and a written employment agreement (if any).

14.2 **Shareholders' Rights.** A Participant shall have no dividend rights, voting rights or other rights as a shareholder with respect to any Ordinary Shares covered by his or her Award prior to the time that a Participant is listed on the register of members of the Company as the holder of such Ordinary Shares. No adjustment shall be made for cash dividends or other rights for which the record date is prior to such time, except as expressly provided in the Plan.

14.3 **Regulatory Requirements.** Any other provision of the Plan notwithstanding, the obligation of the Company to issue Ordinary Shares under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of

Ordinary Shares pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Ordinary Shares, to their registration, qualification or listing or to an exemption from registration, qualification or listing. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed necessary by the Company's counsel to be necessary to the lawful issuance and sale of any Ordinary Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Ordinary Shares as to which such requisite authority will not have been obtained.

14.4 **Transferability of Awards.** The Administrator may, in its sole discretion, permit transfer of an Award in a manner consistent with applicable law. Unless otherwise determined by the Administrator, Awards shall be transferable by a Participant only by (a) beneficiary designation, (b) a will or (c) the laws of descent and distribution. An ISO may only be transferred by will or by the laws of descent and distribution and may be exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative.

14.5 **Recoupment of Awards.** All Awards granted under the Plan, all amounts paid under the Plan and all Ordinary Shares issued under the Plan shall be subject to recoupment in accordance with The Dodd—Frank Wall Street Reform and Consumer Protection Act and any implementing regulations and/or listing standards thereunder, any compensation recovery policy adopted by the Company or as otherwise required by applicable law.

ARTICLE XV. WITHHOLDING TAXES.

15.1 **General.** To the extent required by applicable federal, state, local or foreign law, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any Ordinary Shares or make any cash payment under the Plan unless such obligations are satisfied.

15.2 **Share Withholding.** To the extent that applicable law subjects a Participant to tax withholding obligations, the Administrator may permit a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Ordinary Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Ordinary Shares that he or she previously acquired. Such Ordinary Shares shall be valued at their Fair Market Value on the date they are withheld or surrendered.

15.3 **Section 409A and 457A Matters.** Except as otherwise set forth in an Award Agreement, it is intended that Awards granted under the Plan either be exempt from, or comply with, the requirements of Section 409A of the Code. To the extent an Award is subject to Section 409A of the Code, the terms of the Plan, the Award and any written agreement governing the Award shall be interpreted to comply with the requirements of Section 409A of the Code so that the Award is not subject to additional tax or interest under Section 409A, unless the Administrator expressly provides otherwise. An Award that is subject to Section 409A of the Code shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order for it to comply with the requirements of Section 409A of the Code. In this regard, if any amount under an Award that is subject to Section 409A of the Code is

payable upon a “separation from service” to an individual who is considered a “specified employee” (as each term is defined under Section 409A of the Code), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant’s separation from service or (ii) the Participant’s death, but only to the extent such delay is necessary to prevent such payment from being subject to Section 409A(a)(1) of the Code. Except as otherwise set forth in an Award Agreement, it is intended that Awards granted under the Plan be exempt from Section 457A of the Code.

ARTICLE XVI. FUTURE OF THE PLAN.

16.1 **Term of the Plan.** The Plan shall remain in effect until the earlier of (a) the date the Plan is terminated under Section 16.2 or (b) the 10th anniversary of the date the Board adopted the Plan.

16.2 **Amendment or Termination.** The Board may, at any time and for any reason, amend or terminate the Plan. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan, or any amendment thereof, shall not affect any Award previously granted under the Plan without such holder’s consent.

16.3 **Shareholder Approval.** An amendment of the Plan shall be subject to the approval of the Company’s shareholders only to the extent required by applicable laws, regulations or rules, including the rules and regulations of the principal U.S. national securities exchange on which the Ordinary Shares are traded.

ARTICLE XVII. DEFINITIONS.

17.1 **“Administrator”** means the Board or any Committee administering the Plan in accordance with Article 2.

17.2 **“Affiliate”** means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.

17.3 **“Award”** means any award of a Share Award or a Performance Cash Award under the Plan.

17.4 **“Award Agreement”** means an Option Agreement, an SAR Agreement, a Restricted Share Agreement, a Share Unit Agreement or such other agreement evidencing an Award granted under the Plan.

17.5 **“Board”** means the Company’s Board of Directors, as constituted from time to time.

17.6 **“Change in Control”** shall mean:

(a) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if persons who were not shareholders of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting

power of the outstanding securities of each of (i) the continuing or surviving entity and (ii) any direct or indirect parent corporation of such continuing or surviving entity;

(b) The sale, transfer or other disposition of all or substantially all of the Company's assets;

(c) A change in the composition of the Board, as a result of which fewer than 50% of the incumbent directors are directors who either:

(i) Had been directors of the Company on the date 12 months prior to the date of such change in the composition of the Board (the "Original Directors") or

(ii) Were appointed to the Board, or nominated for election to the Board, with the affirmative votes of at least a majority of the aggregate of (A) the Original Directors who were in office at the time of their appointment or nomination and (B) the directors whose appointment or nomination was previously approved in a manner consistent with this Paragraph (ii); or

(d) Any transaction as a result of which any person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least 50% of the total voting power represented by the Company's then outstanding voting securities. For purposes of this Paragraph (d), the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude (i) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Parent or Subsidiary and (ii) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company.

A transaction shall not constitute a Change in Control if its sole purpose is to change the country or state, as applicable, of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction. In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for a deferral of compensation and is subject to Section 409A of the Code, then notwithstanding anything to the contrary in the Plan or applicable Award Agreement the transaction with respect to such Award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A of the Code.

17.7 "Code" means the Internal Revenue Code of 1986, as amended.

17.8 "Committee" means a committee of one or more members of the Board, or of other individuals satisfying applicable laws, appointed by the Board to administer the Plan.

17.9 "Company" means Theravance Biopharma, Inc., a Cayman Islands exempted limited liability company.

17.10 **“Consultant”** means a consultant or adviser who provides bona fide services to the Company, a Parent, a Subsidiary or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

17.11 **“Employee”** means a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.

17.12 **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

17.13 **“Exercise Price,”** in the case of an Option, means the amount for which one Ordinary Share may be purchased upon exercise of such Option, as specified in the applicable Option Agreement. **“Exercise Price,”** in the case of an SAR, means an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one Ordinary Share in determining the amount payable upon exercise of such SAR.

17.14 **“Fair Market Value”** means the closing selling price of one Ordinary Share on Nasdaq or any other established stock exchange or national market system on the applicable date or, if the applicable date is not a trading day, on the last trading day prior to the applicable date, as reported in a source that the Administrator deems reliable. If the Ordinary Shares are no longer traded on an established stock exchange or a national market system, the Fair Market Value shall be determined by the Administrator in good faith on such basis as it deems appropriate. Such determination shall be conclusive and binding on all persons.

17.15 **“ISO”** means an incentive stock option described in section 422(b) of the Code.

17.16 **“NSO”** means an option not described in sections 422 or 423 of the Code.

17.17 **“Option”** means an ISO or NSO granted under the Plan and entitling the holder to purchase Ordinary Shares.

17.18 **“Option Agreement”** means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to his or her Option.

17.19 **“Optionee”** means an individual who or estate that holds an Option or SAR.

17.20 **“Ordinary Shares”** means the Ordinary Shares of the Company.

17.21 **“Outside Director”** shall mean a member of the Board who is not an Employee.

17.22 **“Parent”** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns shares possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

17.23 **“Participant”** means an individual who or estate that holds an Award.

17.24 **“Performance Cash Award”** means an award of cash granted under Section 9.8 of the Plan.

17.25 “**Plan**” means this Theravance Biopharma, Inc. 2013 Equity Incentive Plan, as amended from time to time.

17.26 “**Registration Date**” means the effective date of the registration statement filed by the Company with the Securities and Exchange Commission pursuant to Form 10.

17.27 “**Restricted Share**” means an Ordinary Share awarded under Article 8 of the Plan.

17.28 “**Restricted Share Agreement**” means the agreement between the Company and the recipient of a Restricted Share that contains the terms, conditions and restrictions pertaining to such Restricted Share.

17.29 “**SAR**” means a share appreciation right granted under the Plan.

17.30 “**SAR Agreement**” means the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his or her SAR.

17.31 “**Share Award**” means any award of an Option, an SAR, a Restricted Share or a Share Unit under the Plan.

17.32 “**Share Unit**” means a bookkeeping entry representing the equivalent of one Ordinary Share, as awarded under the Plan.

17.33 “**Share Unit Agreement**” means the agreement between the Company and the recipient of a Share Unit which contains the terms, conditions and restrictions pertaining to such Share Unit.

17.34 “**Subsidiary**” means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns shares possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

17.35 “**Substitute Awards**” means Awards or Ordinary Shares issued by the Company in assumption of, or substitution or exchange for, Awards previously granted, or the right or obligation to make future awards, in each case by a corporation acquired by the Company, a Subsidiary or any Affiliate or with which the Company, a Subsidiary or any Affiliates combines to the extent permitted by NASDAQ Marketplace Rule 5635 or any successor thereto.

Appendix A

PERFORMANCE CRITERIA AND OTHER TERMS AND CONDITIONS RELATING TO CERTAIN RESTRICTED SHARES, SHARE UNITS AND PERFORMANCE CASH AWARDS

Notwithstanding any other provision of the Plan, if the Administrator determines at the time Restricted Shares, Share Units or a Performance Cash Award is granted to a Participant who is or may be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Administrator may provide that this Appendix A is applicable to such award.

If the Administrator determines that an Award of Restricted Shares or Share Units or a Performance Cash Award is intended to be subject to this Appendix A, the lapsing of restrictions thereon and the distribution of cash, Ordinary Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Administrator, which shall be based on the attainment of specified levels of one or any combination of the following: share price; net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of the price of the Ordinary Shares or any other publicly-traded securities of the Company; market share; gross profits; net profits; earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; operating margin; gross margin; year-end cash; cash margin; debt reduction; shareholders equity; operating efficiencies; market share; customer satisfaction; customer growth; employee satisfaction; drug discovery or development milestones; regulatory achievements (including submitting or filing applications or other documents with regulatory authorities, successfully executing an advisory committee meeting or similar proceeding, or receiving approval of any such applications or other documents and passing pre-approval inspections (whether of the Company or the Company's third-party manufacturer) and validation of manufacturing processes (whether the Company's or the Company's third-party manufacturer); initiation or completion of pre-clinical studies; clinical achievements (including initiating clinical studies; initiating enrollment, completing enrollment or enrolling particular numbers of subjects in clinical studies; completing phases of a clinical study (including the treatment phase); or announcing or presenting preliminary or final data from clinical studies; in each case, whether on particular timelines or generally); strategic partnerships, research joint ventures, licenses, collaborations or comparable transactions (including in-licensing and out-licensing of intellectual property; establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products or development candidates (including with group purchasing organizations, distributors and other vendors)); supply chain achievements (including establishing relationships with manufacturers or suppliers of component materials and manufacturers of the Company's products or development

candidates); co-development, co-marketing, profit sharing, joint venture or other similar arrangements; financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; factoring transactions; royalty monetizations, sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); implementation, completion or attainment of measurable objectives with respect to research (including pre-clinical achievements, nominating a development candidate or initiating a new full discovery program), development, manufacturing (including initiating formulation or device development work or finalizing API or drug product processes), commercialization, development candidates, products or projects, safety, production volume levels, acquisitions and divestitures; factoring transactions; and recruiting and maintaining personnel. In the areas of development, regulatory progress and commercialization, the achievements described above performed by a third party with which the Company has a licensing or collaborative agreement (a "Partner"), or relating to an asset in which the Company has an economic interest, shall apply to the Company. For example, if a Partner accomplishes development milestones, regulatory achievements, commercialization or sales targets with an asset within a program that is a subject of the licensing or collaboration agreement between the Company and the Partner, then such Partner's accomplishments shall constitute achievements of the Company. Similarly, if an asset in which the Company has an economic interest, which asset is controlled by a third party, achieves development milestones, regulatory achievements, commercialization or sales targets, then such third party's accomplishments with such asset shall constitute achievements of the Company. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the relative performance of other companies or upon comparisons of any of the indicators of performance relative to other companies. The Administrator may adjust the results under any performance criterion to exclude any of the following events that occurs during a performance measurement period: (a) asset write-downs, (b) litigation, claims, judgments or settlements, (c) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (d) accruals for reorganization and restructuring programs and (e) any extraordinary, unusual or non-recurring items, provided, however that if an Award is intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, such adjustment(s) shall only be made to the extent consistent with Section 162(m) of the Code. Such performance goals (and any exclusions) shall (i) be set by the Administrator prior to the earlier of (a) 90 days after the commencement of the applicable performance period and (b) the expiration of 25% of the performance period, and (ii) otherwise comply with the requirements of Section 162(m) of the Code and the regulations thereunder.

Notwithstanding any provision of the Plan (except in the case of a Change in Control), with respect to any Award of Restricted Shares or Share Units or a Performance Cash Award that is subject to this Appendix A, the Administrator may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Administrator may not waive the achievement of the applicable performance goals except in the case of the death or disability of the Participant or as otherwise determined by the Administrator in special circumstances. The Administrator must certify, in writing, the amount of the Award for each Participant for such performance period before payment of the Award is made.

The Administrator shall have the power to impose such other restrictions on Awards subject to this Appendix as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for “performance-based compensation” within the meaning of Section 162(m) of the Code.

The aggregate number of Ordinary Shares subject to Awards of Restricted Shares and Share Units that are intended to comply with the performance-based exception under Code Section 162(m) that may be granted under the Plan during any fiscal year to any one Participant shall not exceed 1,142,857, except that the Company may grant to a new Employee in the fiscal year in which his or her service as an Employee first commences Awards of Restricted Shares and/or Share Units that are intended to comply with the performance-based exception under Code Section 162(m) that cover (in the aggregate) up to an additional 1,142,857 Ordinary Shares; and the maximum amount that may be paid to any Participant for each fiscal year of the Company in a performance period attributable to Performance Cash Awards that are intended to comply with the performance-based exception under Code Section 162(m) shall not exceed \$5,000,000.

For purposes of this Appendix A, “**Covered Employee**” shall mean an Employee who is a “covered employee” within the meaning of Code Section 162(m).

THERAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN

NOTICE OF OPTION GRANT

You have been granted the following option to purchase Ordinary Shares of Theravance Biopharma, Inc. (the "Company"):

Name of Optionee:	«First» «Last»
ID Number:	«ID»
Total Number of Shares:	«Shares»
Type of Option:	Nonstatutory Option
Grant Number:	«Number»
Exercise Price Per Share:	«Price»
Date of Grant:	«Grant_Date»
Vesting Schedule:	This option shall vest and become exercisable with respect to the first 25% of the Ordinary Shares subject to this option when you complete 12 months of continuous service as an Employee or Consultant ("Service") following the Date of Grant. This option shall vest and become exercisable with respect to an additional 1/48 th of the Ordinary Shares subject to this option when you complete each month of continuous Service thereafter. The option shall be fully vested and exercisable on the 4-year anniversary of the Date of Grant provided you have remained in continuous Service through such date.
Expiration Date:	«Expiration_Date». This option expires earlier if your Service terminates earlier, as described in the Option Agreement, and may be terminated sooner in connection with certain corporate transactions as provided in Article XI of the Plan.

You and the Company agree that this option is granted under and governed by the terms and conditions of the Option Agreement, which is attached to and made a part of this document, and the 2013 Equity Incentive Plan (the "Plan"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

You further agree that the Company may deliver by email all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

THEHAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN

OPTION AGREEMENT

Grant of Option

Subject to all of the terms and conditions set forth in the Notice of Option Grant, this Option Agreement (the “**Agreement**”) and the Plan, the Company has granted you an option to purchase up to the total number of shares specified in the Notice of Option Grant at the exercise price indicated in the Notice of Option Grant.

Tax Treatment

This option is intended to be a nonstatutory option, as provided in the Notice of Option Grant.

Vesting

This option vests and becomes exercisable as shown in the Notice of Option Grant.

This option shall vest and become exercisable in full if the Company is subject to a “**Change in Control**” (as defined in the Plan) before your Service terminates and this option is not assumed or replaced with a new award as set forth in Section 10.1 of the Plan. In addition, this option shall vest and become exercisable in full if the Company is subject to a Change in Control before your Service terminates, and you are subject to an Involuntary Termination (as defined below) within 24 months after the Change in Control.

For purposes of this Agreement, “**Cause**” shall mean (i) the unauthorized use or disclosure of the confidential information or trade secrets of the Company, a Parent, a Subsidiary or an Affiliate, which use causes material harm to the Company, a Parent, a Subsidiary or an Affiliate, (ii) conviction of a felony under the laws of the United States or any state thereof, (iii) gross negligence or (iv) repeated failure to perform lawful assigned duties for thirty days after receiving written notification from the Board of Directors.

For purposes of this Agreement, “**Involuntary Termination**” means the termination of your Service by reason of:

- (a) an involuntary dismissal or discharge by the Company (or Parent, Subsidiary or Affiliate employing you) for reasons other than for Cause; or
 - (b) your voluntary resignation following one of the following that is effected by the Company (or the Parent, Subsidiary or Affiliate employing you) without your consent (i) a change in your position with the Company (or Parent, Subsidiary or Affiliate employing you) which materially reduces your level of responsibility, (ii) a material reduction in your base
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compensation or (iii) a relocation of your workplace by more than fifty miles from your workplace immediately prior to the Change in Control that also materially increases your one-way commute. In order for your resignation under clause (b) to constitute an “Involuntary Termination,” all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to resign and assert an Involuntary Termination pursuant to clause (b) within 90 days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii), (2) the Company (or the Parent, Subsidiary or Affiliate employing you) will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or resign without any vesting acceleration, and (3) any termination of Service under clause (b) must occur within two years of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii). Should the Company (or the Parent, Subsidiary or Affiliate employing you) remedy the condition as set forth above and then one or more of the conditions arises again within two years following the occurrence of a Change in Control, you may assert clause (b) again subject to all of the conditions set forth herein.

For purposes of this Agreement, “**Service**” means your service as an Employee or Consultant.

Notwithstanding the foregoing, if you are or become eligible to participate in the Company’s Change in Control Severance Plan (the “**Severance Plan**”), the vesting acceleration provisions in the Severance Plan shall apply instead of those contained herein.

No additional shares will vest or become exercisable after your Service has terminated for any reason, except as set forth in the Severance Plan to the extent you are eligible for benefits thereunder.

Term This option expires in any event at the close of business at Company headquarters on the day before the 10th anniversary of the Date of Grant, as shown in the Notice of Option Grant. (This option will expire earlier if your Service terminates, as described below, and this option may be terminated sooner as provided in Article XI of the Plan.)

You may exercise this option, to the extent vested and exercisable, at any time before its expiration or termination pursuant to this Agreement or the Plan.

Termination of Service If your Service terminates for any reason, this option will expire to the extent it is unvested as of your termination date and does not vest as a result of your termination of Service. The Company determines when your Service terminates for all purposes of this option.

Regular Termination

If your Service terminates for any reason except death or total and permanent disability, then this option, to the extent vested as of your termination date, will expire at the close of business at Company headquarters on the date three months after your termination date.

Death/Disability

If your Service terminates because of your death or due to your total and permanent disability, then this option, to the extent vested as of your termination date, will expire at the close of business at Company headquarters on the date 12 months after your termination date.

For all purposes under this Agreement, “total and permanent disability” means that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than one year.

Leaves of Absence and Part-Time Work

For purposes of this option, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company (or Parent, Subsidiary or Affiliate employing you) in writing. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Option Grant may be adjusted in accordance with the Company’s leave of absence policy or the terms of your leave. If you and the Company (or Parent, Subsidiary or Affiliate employing you) agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which this option vests, so that the rate of vesting is commensurate with your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this subsection.

Restrictions on Exercise

The Company will not permit you to exercise this option if the issuance of shares at that time would violate any law or regulation.

Notice of Exercise

When you wish to exercise this option, you must notify the Company by filing the proper “Notice of Exercise” form at the address given on the form. Your notice must specify how many shares you wish to purchase. Your notice must also specify how your shares should be registered. The notice will be effective when the Company receives it.

However, if you wish to exercise this option by executing a same-day sale (as described below), you must follow the instructions of the Company and the broker who will execute the sale.

If someone else wants to exercise this option after your death, that person must prove to the Company’s satisfaction that he or she is entitled to do so.

In no event may this option be exercised for any fractional shares.

Form of Payment

When you submit your notice of exercise, you must include payment of the option exercise price for the shares that you are purchasing. To the extent permitted by applicable law, payment may be made in one (or a combination of two or more) of the following forms:

- Your personal check, a cashier's check, a money order or by wire transfer.
- Irrevocable directions to a securities broker approved by the Company to sell all or part of your option shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the option exercise price and any withholding taxes. (The balance of the sale proceeds, if any, will be delivered to you.) The directions must be given in accordance with the instructions of the Company and the broker. This exercise method is sometimes called a "same-day sale."
- With the Company's consent (which may be granted by the Compensation Committee of the Board of Directors or, if applicable, by the Equity Award Committee of the Board of Directors), irrevocable directions to a securities broker or lender approved by the Company to pledge option shares as security for a loan and to deliver to the Company from the loan proceeds an amount sufficient to pay the option exercise price and any withholding taxes. The directions must be given in accordance with the instructions of the Company and the broker or lender.
- With the Company's consent (which may be granted by the Compensation Committee of the Board of Directors or, if applicable, by the Equity Award Committee of the Board of Directors), Ordinary Shares that you own, along with any forms needed to effect a transfer of those shares to the Company. The value of the shares, determined as of the effective date of the option exercise, will be applied to the option exercise price. Instead of surrendering Ordinary Shares, you may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the option shares issued to you.
- With the Company's consent (which may be granted by the Compensation Committee of the Board of Directors or, if applicable, by the Equity Award Committee of the Board of Directors), by having the Company withhold Ordinary Shares that would otherwise be issued on exercise of the option. The value of the withheld shares, determined as of the effective date of the option exercise, will be applied to the option exercise price. This exercise method is sometimes referred to as a "net exercise."

Withholding

You will not be allowed to exercise this option unless you make

Taxes and Share Withholding

arrangements acceptable to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to pay any withholding taxes that may be due as a result of the option exercise ("Tax Withholding Obligations"). These arrangements include payment in cash or via the same-day sale method described above. With the Company's consent (which may be granted by the Compensation Committee of the Board of Directors or, if applicable, by the Equity Award Committee of the Board of Directors), these arrangements may also include withholding shares that otherwise would be issued to you when you exercise this option. The value of these shares, determined as of the effective date of the option exercise, will be applied to the Tax Withholding Obligations.

Automatic Exercise at End of Option Term

This option, to the extent then outstanding, will be automatically exercised as to all then-vested Shares at 9:00 am Pacific Time on the fourth trading day preceding the expiration date set forth in the Notice of Option Grant if the per share exercise price of the option is at least 1% below the Fair Market Value of an Ordinary Share at such time.

In the event of an automatic exercise, you authorize the Company to instruct the broker whom it has selected for this purpose to sell a number of Ordinary Shares to be issued upon exercise of the option necessary to generate cash proceeds to cover the exercise price for the exercised shares and the Tax Withholding Obligations in connection with such exercise (the "Exercise Costs"). Such sales shall be effected at a market price following the date that the option is exercised.

You acknowledge that the proceeds of any such sale may not be sufficient to satisfy the Exercise Costs. To the extent the proceeds from such sale are insufficient to cover the Exercise Costs, the Company (or Parent, Subsidiary or Affiliate employing you) may in its discretion (a) withhold the balance of the Exercise Costs from your wages or other cash compensation paid to you by the Company (or Parent, Subsidiary or Affiliate employing you) and/or (b) satisfy the Exercise Costs by means of a net-exercise arrangement, provided that in the case of the Tax Withholding Obligations the Company only withholds an amount of shares not in excess of the amount necessary to satisfy the minimum withholding amount. The fair market value of the withheld shares, determined as of the date of exercise, will be applied against the Exercise Costs. If the Company satisfies the Exercise Costs by means of a net-exercise arrangement as described above, you are deemed to have been issued the full number of shares subject to the option so exercised.

You acknowledge that the instruction to the broker to sell in the foregoing section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934 (the "Exchange Act"), and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (a "10b5-1 Plan"). This 10b5-1 Plan is adopted to be effective as of the first day of the Company's first open

trading window following the date on which shares subject to this option first become vested. This 10b5-1 Plan is being adopted to permit you to sell a number of shares issued upon exercise of the option sufficient to pay the Exercise Costs. You hereby appoint the Company as your agent and attorney-in-fact to instruct the broker with respect to the number of shares to be sold under this 10b5-1 Plan.

You hereby authorize the broker to sell the number of Ordinary Shares determined as set forth above and acknowledge that the broker is under no obligation to arrange for such sale at any particular price. You acknowledge that the broker may aggregate your sales with sales occurring on the same day that are effected on behalf of other Company employees pursuant to sales of shares vesting under Company options or restricted share unit awards and your proceeds will be based on a blended price for all such sales. You acknowledge that you will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale. You acknowledge that it may not be possible to sell Ordinary Shares during the term of this 10b5-1 Plan due to (a) a legal or contractual restriction applicable to you or to the broker, (b) a market disruption, (c) rules governing order execution priority on the Nasdaq Global Market, (d) a sale effected pursuant to this 10b5-1 Plan that fails to comply (or in the reasonable opinion of the broker's counsel is likely not to comply) with Rule 144 under the Securities Act of 1933, if applicable, or (e) if the Company determines that sales may not be effected under this 10b5-1 Plan. You acknowledge that this 10b5-1 Plan is subject to the terms of any policy adopted now or hereafter by the Company governing the adoption of 10b5-1 plans.

Restrictions on Resale

You agree not to sell any option shares at a time when applicable laws, Company policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

Transfer of Option

Prior to your death, only you may exercise this option. You cannot transfer or assign this option. For instance, you may not sell this option or use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid. You may, however, dispose of this option in your will or a beneficiary designation. A beneficiary designation must be filed with the Company on the proper form.

Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your former spouse's interest in your option in any other way.

No Retention Rights	Your option or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary or Affiliate in any capacity. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Shareholder Rights	You, or your estate or heirs, have no rights as a shareholder of the Company until this option has been exercised by giving the required notice to the Company, paying the exercise price, satisfying any Tax Withholding Obligations and being registered on the register of members of the Company. No adjustments are made for dividends or other rights if the applicable record date occurs before exercise of this option, except as described in the Plan.
Recoupment Policy	This option, and the shares acquired upon exercise of this option, shall be subject to any Company recoupment policy in effect from time to time.
Adjustments	In the event of a share split, a share dividend or a similar change in the Ordinary Shares, the number of shares covered by this option and the exercise price per share may be adjusted pursuant to the Plan.
Effect of Significant Corporate Transactions	If the Company is a party to a merger, consolidation or certain change in control transactions, then this option will be subject to the applicable provisions of Article XI of the Plan.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the Cayman Islands (without regard to its choice-of-law provisions).
The Plan and Other Agreements	<p>The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Finance Department. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.</p> <p>This Agreement, the Notice of Option Grant, and the Plan constitute the entire understanding between you and the Company regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement between the parties.</p>

BY ACCEPTING THIS OPTION GRANT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

THERAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN

NOTICE OF OPTION GRANT

You have been granted the following option to purchase Ordinary Shares of Theravance Biopharma, Inc. (the “Company”):

Name of Optionee:	«First» «Last»
ID Number:	«ID»
Total Number of Shares:	«Shares»
Type of Option:	Nonstatutory Option
Grant Number:	«Number»
Exercise Price Per Share:	«Price»
Date of Grant:	«Grant_Date»
Vesting Schedule:	[Initial Grant: This option shall vest and become exercisable as to 1/24 th of the Ordinary Shares subject to this option when you complete each month of continuous service as an Outside Director (“Service”) following the Date of Grant.] [Annual Grant: This option shall vest and become exercisable as to 1/12 th of the Ordinary Shares subject to this option when you complete each month of continuous service as an Outside Director (“Service”) following the Date of Grant. In addition, this option shall vest and become exercisable in full on the date of the Company’s 20 th Annual Meeting of Shareholders, provided you remain in continuous Service through such date.]
Expiration Date:	«Expiration_Date». This option expires earlier if your Service terminates earlier, as described in the Option Agreement, and may be terminated sooner in connection with certain corporate transactions as provided in Article XI of the Plan.

You and the Company agree that this option is granted under and governed by the terms and conditions of the Option Agreement, which is attached to and made a part of this document, and the 2013 Equity Incentive Plan (the “Plan”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

You further agree that the Company may deliver by email all documents relating to the Plan or this option (including, without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including, without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a web site maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a web site, it will notify you by email.

THERAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN

OPTION AGREEMENT

Grant of Option	Subject to all of the terms and conditions set forth in the Notice of Option Grant, this Option Agreement (the “ Agreement ”) and the Plan, the Company has granted you an option to purchase up to the total number of shares specified in the Notice of Option Grant at the exercise price indicated in the Notice of Option Grant.
Tax Treatment	This option is intended to be a nonstatutory option, as provided in the Notice of Option Grant.
Vesting	<p>This option vests and becomes exercisable as shown in the Notice of Option Grant.</p> <p>This option shall vest and become exercisable in full if the Company is subject to a “Change in Control” (as defined in the Plan) before your Service terminates or upon your death.</p> <p>For purposes of this Agreement, “Service” means your service as an Outside Director.</p> <p>This option will in no event become exercisable for additional shares after your Service has terminated for any reason except as set forth above.</p>
Term	<p>This option expires in any event at the close of business at Company headquarters on the day before the 10th anniversary of the Date of Grant, as shown in the Notice of Option Grant. (This option will expire earlier if your Service terminates, as described below, and this option may be terminated sooner as provided in Article XI of the Plan.)</p> <p>You may exercise this option, to the extent vested and exercisable, at any time before its expiration or termination pursuant to this Agreement or the Plan.</p>
Termination of Service	<p>If your Service terminates for any reason, this option will expire immediately to the extent it is unvested as of your termination date and does not vest as a result of your termination of Service. The Company determines when your Service terminates for all purposes of this option.</p> <p>If your Service terminates for any reason except a termination for Cause, then this option, to the extent vested as of your termination date, will expire at the close of business at Company headquarters on the date 36 months after your termination date. If your Service terminates for Cause, then this option will expire on your termination date.</p>

For purposes of this Agreement, "Cause" shall mean (i) the unauthorized use or disclosure of the confidential information or trade secrets of the Company, a Parent, a Subsidiary or an Affiliate, which use causes material harm to the Company, a Parent, a Subsidiary or an Affiliate, (ii) conviction of a felony under the laws of the United States or any state thereof, (iii) gross negligence or (iv) repeated failure to perform lawful assigned duties for thirty days after receiving written notification from the Board of Directors.

Restrictions on Exercise

The Company will not permit you to exercise this option if the issuance of shares at that time would violate any law or regulation.

Notice of Exercise

When you wish to exercise this option, you must notify the Company by filing the proper "Notice of Exercise" form at the address given on the form. Your notice must specify how many shares you wish to purchase. Your notice must also specify how your shares should be registered. The notice will be effective when the Company receives it.

However, if you wish to exercise this option by executing a same-day sale (as described below), you must follow the instructions of the Company and the broker who will execute the sale.

If someone else wants to exercise this option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

In no event may this option be exercised for any fractional shares.

Form of Payment

When you submit your notice of exercise, you must include payment of the option exercise price for the shares that you are purchasing. To the extent permitted by applicable law, payment may be made in one (or a combination of two or more) of the following forms:

- Your personal check, a cashier's check, a money order or by wire transfer.
- Irrevocable directions to a securities broker approved by the Company to sell all or part of your option shares and to deliver to the Company from the sale proceeds an amount sufficient to pay the option exercise price and any withholding taxes. (The balance of the sale proceeds, if any, will be delivered to you.) The directions must be given in accordance with the instructions of the Company and the broker. This exercise method is sometimes called a "same-day sale."
- With the Company's consent (which may be granted by the Board of Directors or the Compensation Committee of the Board of Directors), Ordinary Shares that you own, along with any forms needed to effect a transfer of those shares to the Company. The value of the shares, determined as of the effective date of the option exercise, will be applied to the option exercise price. Instead of surrendering

Ordinary Shares, you may attest to the ownership of those shares on a form provided by the Company and have the same number of shares subtracted from the option shares issued to you.

- With the Company's consent (which may be granted by the Board of Directors or the Compensation Committee of the Board of Directors), by having the Company withhold Ordinary Shares that would otherwise be issued on exercise of the option. The value of the withheld shares, determined as of the effective date of the option exercise, will be applied to the option exercise price. This exercise method is sometimes referred to as a "net exercise."

Withholding Taxes and Share Withholding

You will not be allowed to exercise this option unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of the option exercise ("Tax Withholding Obligations"). These arrangements include payment in cash or via the same-day sale method described above. With the Company's consent (which may be granted by the Board of Directors or the Compensation Committee of the Board of Directors), these arrangements may also include withholding shares that otherwise would be issued to you when you exercise this option. The value of these shares, determined as of the effective date of the option exercise, will be applied to the Tax Withholding Obligations.

Automatic Exercise at End of Option Term

This option, to the extent then outstanding, will be automatically exercised as to all then-vested Shares at 9:00 a.m. San Francisco, CA Time on the fourth trading day preceding the expiration date set forth in the Notice of Option Grant if the per share exercise price of the option is at least 1% below the Fair Market Value of an Ordinary Share at such time.

In the event of an automatic exercise, you authorize the Company to instruct the broker whom it has selected for this purpose to sell a number of Ordinary Shares to be issued upon exercise of the option necessary to generate cash proceeds to cover the exercise price for the exercised shares and the Tax Withholding Obligations, if any, in connection with such exercise (the "Exercise Costs"). Such sales shall be effected at a market price following the date that the option is exercised.

You acknowledge that the proceeds of any such sale may not be sufficient to satisfy the Exercise Costs. To the extent the proceeds from such sale are insufficient to cover the Exercise Costs, the Company may in its discretion (a) withhold the balance of the Exercise Costs from the cash compensation paid to you by the Company and/or (b) satisfy the Exercise Costs by means of a net-exercise arrangement, provided that in the case of the Tax Withholding Obligations the Company only withholds an amount of shares not in excess of the amount necessary to satisfy the minimum withholding amount. The fair market value of the withheld shares, determined as of the date of exercise, will be applied against the Exercise

Costs. If the Company satisfies the Exercise Costs by means of a net-exercise arrangement as described above, you are deemed to have been issued the full number of shares subject to the option so exercised.

You acknowledge that the instruction to the broker to sell in the foregoing section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934 (the "Exchange Act"), and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (a "10b5-1 Plan"). This 10b5-1 Plan is adopted to be effective as of the first day of the Company's first open trading window following the date on which shares subject to this option first become vested. This 10b5-1 Plan is being adopted to permit you to sell a number of shares issued upon exercise of the option sufficient to pay the Exercise Costs. You hereby appoint the Company as your agent and attorney-in-fact to instruct the broker with respect to the number of shares to be sold under this 10b5-1 Plan.

You hereby authorize the broker to sell the number of Ordinary Shares determined as set forth above and acknowledge that the broker is under no obligation to arrange for such sale at any particular price. You acknowledge that the broker may aggregate your sales with sales occurring on the same day that are effected on behalf of other individuals providing service to the Company pursuant to sales of shares vesting under Company options or restricted share unit awards and your proceeds will be based on a blended price for all such sales. You acknowledge that you will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages or expenses relating to any such sale. You acknowledge that it may not be possible to sell Ordinary Shares during the term of this 10b5-1 Plan due to (a) a legal or contractual restriction applicable to you or to the broker, (b) a market disruption, (c) rules governing order execution priority on the Nasdaq Global Market, (d) a sale effected pursuant to this 10b5-1 Plan that fails to comply (or in the reasonable opinion of the broker's counsel is likely not to comply) with Rule 144 under the Securities Act of 1933, if applicable, or (e) if the Company determines that sales may not be effected under this 10b5-1 Plan. You acknowledge that this 10b5-1 Plan is subject to the terms of any policy adopted now or hereafter by the Company governing the adoption of 10b5-1 plans.

Restrictions on Resale

You agree not to sell any option shares at a time when applicable laws, Company policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

Transfer of

Prior to your death, only you may exercise this option. You cannot transfer or assign this option. For instance, you may not sell this option or

Option	<p>use it as security for a loan. If you attempt to do any of these things, this option will immediately become invalid. You may, however, dispose of this option in your will or a beneficiary designation. A beneficiary designation must be filed with the Company on the proper form.</p> <p>Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your former spouse's interest in your option in any other way.</p>
No Retention Rights	<p>Your option or this Agreement does not give you the right to be retained by the Company, a Parent, Subsidiary or Affiliate in any capacity. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause. Nor shall this Agreement in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Company or its shareholders to remove you from the Board of Directors at any time in accordance with the provisions of applicable law.</p>
Shareholder Rights	<p>You, or your estate or heirs, have no rights as a shareholder of the Company until this option has been exercised by giving the required notice to the Company, paying the exercise price, satisfying any Tax Withholding Obligations and being registered on the register of members of the Company. No adjustments are made for dividends or other rights if the applicable record date occurs before exercise of this option, except as described in the Plan.</p>
Recoupment Policy	<p>This option, and the shares acquired upon exercise of this option, shall be subject to any Company recoupment policy in effect from time to time.</p>
Adjustments	<p>In the event of a share split, a share dividend or a similar change in the Ordinary Shares, the number of shares covered by this option and the exercise price per share may be adjusted pursuant to the Plan.</p>
Effect of Significant Corporate Transactions	<p>If the Company is a party to a merger, consolidation or certain change in control transactions, then this option will be subject to the applicable provisions of Article XI of the Plan.</p>
Applicable Law	<p>This Agreement will be interpreted and enforced under the laws of the Cayman Islands (without regard to its choice-of-law provisions).</p>
The Plan and Other Agreements	<p>The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Finance Department. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.</p> <p>This Agreement, the Notice of Option Grant, and the Plan constitute the</p>

entire understanding between you and the Company regarding this option. Any prior agreements, commitments or negotiations concerning this option are superseded. This Agreement may be amended only by another written agreement between the parties.

BY ACCEPTING THIS OPTION GRANT, YOU AGREE TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

**THERAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN:
RESTRICTED SHARE UNIT AGREEMENT**

Grant of Units	Subject to all of the terms and conditions set forth in the Notice of Restricted Share Unit Award, this Restricted Share Unit Agreement (the “ Agreement ”) and the Plan, the Company has granted to you the number of restricted share units set forth in the Notice of Restricted Share Unit Award.
Payment for Units	No payment is required for the restricted share units you are receiving.
Nature of Units	Your restricted share units are bookkeeping entries. They represent only the Company’s unfunded and unsecured promise to issue Ordinary Shares on a future date. As a holder of restricted share units, you have no rights other than the rights of a general creditor of the Company.
Settlement of Units	<p>Each of your restricted share units will be settled when it vests (unless you and the Company have agreed to a later settlement date pursuant to procedures that the Company may prescribe at its discretion).</p> <p>At the time of settlement, you will receive one Ordinary Share for each vested restricted share unit.</p>
Vesting	<p>The restricted share units that you are receiving will vest as shown in the Notice of Restricted Share Unit Award.</p> <p>In addition, the restricted share units will vest in full if the Company is subject to a “Change in Control” (as defined in the Plan) before your Service terminates and the restricted share units are not assumed or replaced with a new award as set forth in Section 10.1 of the Plan. In addition, the restricted share units shall vest in full if the Company is subject to a Change in Control before your Service terminates, and you are subject to an Involuntary Termination (as defined below) within 24 months after the Change in Control.</p> <p>For purposes of this Agreement, “Cause” means (i) the unauthorized use or disclosure of the confidential information or trade secrets of the Company, a Parent, a Subsidiary or an Affiliate, which use causes material harm to the Company, a Parent, a Subsidiary or an Affiliate, (ii) conviction of a felony under the laws of the United States or any state thereof, (iii) gross negligence or (iv) repeated failure to perform lawful assigned duties for thirty days after receiving written notification from the Board of Directors.</p> <p>For purposes of this Agreement, “Involuntary Termination” means a</p>

termination of your Service by reason of:

- (a) an involuntary dismissal or discharge by the Company (or Parent, Subsidiary or Affiliate employing you) for reasons other than for Cause; or
- (b) your voluntary resignation following one of the following that is effected by the Company (or the Parent, Subsidiary or Affiliate employing you) without your consent (i) a change in your position with the Company (or the Parent, Subsidiary or Affiliate employing you) which materially reduces your level of responsibility, (ii) a material reduction in your base compensation or (iii) a relocation of your workplace by more than fifty miles from your workplace immediately prior to the Change in Control that also materially increases your one-way commute, provided that in either case a “separation from service” (as defined in the regulations under Code Section 409A) occurs. In order for your resignation under clause (b) to constitute an “Involuntary Termination,” all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to resign and assert an Involuntary Termination pursuant to clause (b) within 90 days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii), (2) the Company (or the Parent, Subsidiary or Affiliate employing you) will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or resign without any vesting acceleration, and (3) any termination of Service under clause (b) must occur within two years of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii). Should the Company (or the Parent, Subsidiary or Affiliate employing you) remedy the condition as set forth above and then one or more of the conditions arises again within two years following the occurrence of a Change in Control, you may assert clause (b) again subject to all of the conditions set forth herein.

For purposes of this Agreement, “**Service**” means your continuous service as an Employee or Consultant.

Notwithstanding the foregoing, if you are or become eligible to participate in the Company’s Change in Control Severance Plan (the “**Severance Plan**”), the vesting acceleration provisions in the Severance Plan shall apply instead of those contained herein.

No additional restricted share units vest after your Service has terminated for any reason, except as set forth in the Severance Plan to the extent you are eligible for benefits thereunder. It is intended that vesting in the restricted share units is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the Section below entitled “Leaves of Absence and

Part-Time Work.”

Forfeiture

If your Service terminates for any reason, then your restricted share units that have not vested before the termination date and do not vest as a result of the termination pursuant to this Agreement or as set forth on the Notice of Restricted Share Unit Award will be forfeited. This means that the restricted share units will revert to the Company. You receive no payment for restricted share units that are forfeited. The Company determines when your Service terminates for all purposes of your restricted share units.

Leaves of Absence and Part-Time Work

For purposes of this award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company (or the Parent, Subsidiary or Affiliate employing you) in writing. If your leave of absence (other than a military leave) lasts for more than 6 months, then vesting will be suspended on the day that is 6 months and 1 day after the leave of absence began. Vesting will resume effective as of the second vesting date after you return from leave of absence provided you have worked at least one day during that vesting period.

In the case of all leaves, your Service terminates when the approved leave ends, unless you immediately return to active work.

If you and the Company (or the Parent, Subsidiary or Affiliate employing you) agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the restricted share units vest, so that the rate of vesting is commensurate with your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this subsection.

Share Certificates

No Ordinary Shares shall be issued to you prior to the date on which the restricted share units vest. After any restricted share units vest pursuant to this Agreement, the Company shall promptly cause to be issued in book-entry form, registered in your name or in the name of your legal representatives, beneficiaries or heirs, as the case may be, in the register of members of the Company, the number of Ordinary Shares representing your vested restricted share units. No fractional shares shall be issued.

Section 409A

Unless you and the Company have agreed to a deferred settlement date (pursuant to procedures that the Company may prescribe at its discretion), settlement of these restricted share units is intended to be exempt from the application of Code Section 409A pursuant to the “short-term deferral exemption” in Treasury Regulation 1.409A-1(b)(4) and shall be administrated and interpreted in a manner that complies with such exemption.

Notwithstanding the foregoing, to the extent it is determined that settlement of these restricted share units is not exempt from Code Section 409A as a short-term deferral or otherwise and the Company determines that you are a “specified employee,” as defined in the regulations under Code Section 409A, at the time of your “separation from service,” as defined in those regulations, then any restricted share units that otherwise would have been settled during the first six months following your separation from service will instead be settled on the first business day following the earlier of the six-month anniversary of your separation from service or your death, unless the event triggering vesting is an event other than your separation from service.

No Shareholder Rights

The restricted share units do not entitle you to any of the rights of a shareholder of Ordinary Shares. Upon settlement of the restricted share units into Ordinary Shares, you will obtain full voting and other rights as a shareholder of the Company.

Units Restricted

You may not sell, transfer, pledge or otherwise dispose of any restricted share units or rights under this Agreement other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, you may designate a beneficiary or beneficiaries to receive any property distributable with respect to the restricted share units upon your death. A beneficiary designation must be filed with the Company on the proper form.

Withholding Taxes

No shares will be distributed to you unless you have made arrangements acceptable to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to pay any withholding taxes that may be due as a result of the vesting and/or settlement of this award (“**Tax Withholding Obligations**”). Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to satisfy the Tax Withholding Obligations.

You authorize the Company to instruct the broker whom it has selected for this purpose to sell a number of Ordinary Shares to be issued upon the vesting of your restricted share units or a lesser number necessary to meet the Tax Withholding Obligations. Such sales shall be effected at a market price following the date that the restricted share units vest (unless you and the Company have agreed to a later settlement date pursuant to procedures that the Company may prescribe at its discretion).

You acknowledge that the proceeds of any such sale may not be sufficient to satisfy the Tax Withholding Obligations. To the extent the proceeds from such sale are insufficient to cover the Tax Withholding Obligations, the Company (or the Parent, Subsidiary or Affiliate employing you) may in its discretion (a) withhold the balance of the

Tax Withholding Obligations from your wages or other cash compensation paid to you by the Company (or the Parent, Subsidiary or Affiliate employing you) and/or (b) withhold in Ordinary Shares, provided that the Company only withholds an amount of shares not in excess of the amount necessary to satisfy the minimum withholding amount. The fair market value of withheld shares, determined as of the date taxes otherwise would have been withheld in cash, will be applied against the Tax Withholding Obligations. If the Company satisfies the Tax Withholding Obligations by withholding a number of Ordinary Shares as described above, you are deemed to have been issued the full number of shares subject to the award of restricted share units.

Rule 10b5-1 Plan

You acknowledge that the instruction to the broker to sell in the foregoing section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934 (the “**Exchange Act**”), and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (a “**10b5-1 Plan**”). This 10b5-1 Plan is adopted to be effective as of the first date on which the restricted share units vest. This 10b5-1 Plan is being adopted to permit you to sell a number of shares awarded upon the vesting of restricted share units sufficient to pay the Tax Withholding Obligations that become due as a result of this award or the vesting of the restricted share units or, if you elect within thirty days following notification via the broker whom the Company has selected for this purpose of your restricted share unit award, to permit you to sell all of the vested restricted share units. You hereby appoint the Company as your agent and attorney-in-fact to instruct the broker with respect to the number of shares to be sold under this 10b5-1 Plan.

You hereby authorize the broker to sell the number of Ordinary Shares determined as set forth above and acknowledge that the broker is under no obligation to arrange for such sale at any particular price. You acknowledge that the broker may aggregate your sales with sales occurring on the same day that are effected on behalf of other Company employees pursuant to sales of shares vesting under Company options, restricted share awards or restricted share unit awards and your proceeds will be based on a blended price for all such sales. You acknowledge that you will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. You acknowledge that it may not be possible to sell Ordinary Shares during the term of this 10b5-1 Plan due to (a) a legal or contractual restriction applicable to you or to the broker, (b) a market disruption, (c) rules governing order execution priority on the Nasdaq Global Market, (d) a sale effected pursuant to this 10b5-1 Plan that fails to comply (or in the reasonable opinion of the broker’s counsel is likely not to comply) with Rule 144 under the Securities Act of 1933, if

applicable, or (e) if the Company determines that sales may not be effected under this 10b5-1 Plan. You acknowledge that this 10b5-1 Plan is subject to the terms of any policy adopted now or hereafter by the Company governing the adoption of 10b5-1 plans.

Restrictions on Issuance	The Company will not issue shares to you if the issuance of shares at that time would violate any law or regulation.
Restrictions on Resale	You agree not to sell any Ordinary Shares you receive under this Agreement at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Your award or this Agreement does not give you the right to be employed or retained by the Company (or a Parent, Subsidiary or Affiliate) in any capacity. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Recoupment Policy	This award, and the shares acquired upon settlement of this award, shall be subject to any Company recoupment policy in effect from time to time.
Adjustments	In the event of a share split, a share dividend or a similar change in the Ordinary Shares, the number of restricted share units may be adjusted pursuant to the Plan.
Effect of Significant Corporate Transactions	If the Company is a party to a merger, consolidation or certain change in control transactions, then this award will be subject to the applicable provisions of Article XI of the Plan, provided that any action taken must either (a) preserve the exemption of your restricted share units from Section 409A of the Code or (b) comply with Section 409A of the Code.
Applicable Law	This Agreement will be interpreted and enforced with respect to issues of contract law under the laws of the Cayman Islands (without regard to its choice-of-law provisions).
The Plan and Other Agreements	<p>The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Finance Department. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.</p> <p>This Agreement, the Notice of Restricted Share Unit Award, and the Plan constitute the entire understanding between you and the Company</p>

regarding this award. Any prior agreements, commitments or negotiations concerning this award are superseded.
This Agreement may be amended only by another written agreement between the parties.

**BY ACCEPTING THIS RESTRICTED SHARE UNIT AWARD, YOU AGREE TO
ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

**THERAVANCE BIOPHARMA, INC. 2013 EQUITY INCENTIVE PLAN:
RESTRICTED SHARE AGREEMENT**

Payment for Shares

The shares have been awarded to you in consideration of your past service to the Company and no payment is required for the shares that you are receiving, except for satisfying any withholding taxes that may be due as a result of the grant of this award or the vesting or transfer of the shares.

Transfer

On the terms and conditions set forth in the Notice of Restricted Share Award, this Restricted Share Agreement (the “**Agreement**”) and the Plan, the Company agrees to issue to you the number of shares of its Ordinary Shares set forth in the Notice of Restricted Share Award.

Vesting

The shares will vest as shown in the Notice of Restricted Share Award.

In addition, the shares will vest in full if the Company is subject to a “**Change in Control**” (as defined in the Plan) before your Service terminates and the shares are not assumed or replaced with a new award as set forth in Section 10.1 of the Plan. In addition, the shares shall vest in full if the Company is subject to a Change in Control before your Service terminates, and you are subject to an Involuntary Termination (as defined below) within 24 months after the Change in Control.

For purposes of this Agreement, “**Cause**” means (i) the unauthorized use or disclosure of the confidential information or trade secrets of the Company, a Parent, a Subsidiary or an Affiliate, which use causes material harm to the Company, a Parent, a Subsidiary or an Affiliate, (ii) conviction of a felony under the laws of the United States or any state thereof, (iii) gross negligence or (iv) repeated failure to perform lawful assigned duties for thirty days after receiving written notification from the Board of Directors.

For purposes of this Agreement, “**Involuntary Termination**” means a termination of your Service by reason of:

- (a) an involuntary dismissal or discharge by the Company (or Parent, Subsidiary or Affiliate employing you) for reasons other than for Cause; or
 - (b) your voluntary resignation following one of the following that is effected by the Company (or the Parent, Subsidiary or Affiliate employing you) without your consent (i) a change in your position with the Company (or the Parent, Subsidiary or Affiliate employing you) which materially reduces your level of responsibility, (ii) a material reduction in your base
-

compensation or (iii) a relocation of your workplace by more than fifty miles from your workplace immediately prior to the Change in Control that also materially increases your one-way commute. In order for your resignation under clause (b) to constitute an "Involuntary Termination," all of the following requirements must be satisfied: (1) you must provide notice to the Company of your intent to resign and assert an Involuntary Termination pursuant to clause (b) within 90 days of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii), (2) the Company (or the Parent, Subsidiary or Affiliate employing you) will have 30 days from the date of such notice to remedy the condition and, if it does so, you may withdraw your resignation or resign without any vesting acceleration, and (3) any termination of Service under clause (b) must occur within two years of the initial existence of one or more of the conditions set forth in subclauses (i) through (iii). Should the Company (or the Parent, Subsidiary or Affiliate employing you) remedy the condition as set forth above and then one or more of the conditions arises again within two years following the occurrence of a Change in Control, you may assert clause (b) again subject to all of the conditions set forth herein.

For purposes of this Agreement, "**Service**" means your continuous service as an Employee or Consultant.

Notwithstanding the foregoing, if you are or become eligible to participate in the Company's Change in Control Severance Plan (the "**Severance Plan**"), the vesting acceleration provisions in the Severance Plan shall apply instead of those contained herein.

No additional shares vest after your Service has terminated for any reason, except as set forth in the Notice of Restricted Share Award, in this Agreement or, to the extent you are eligible for benefits thereunder, the Severance Plan.

It is intended that vesting in the shares is commensurate with a full-time work schedule. For possible adjustments that may be made by the Company, see the Section below entitled "Leaves of Absence and Part-Time Work."

Shares Restricted

Unvested shares will be considered "**Restricted Shares**."

You may not sell, transfer, pledge or otherwise dispose of any Restricted Shares without the written consent of the Company, except as provided in the next sentence. You may transfer Restricted Shares to your spouse, children or grandchildren or to a trust established by you for the benefit of yourself or your spouse, children or

grandchildren. However, a transferee of Restricted Shares must agree in writing on a form prescribed by the Company to be bound by all provisions of this Agreement.

Forfeiture

If your Service terminates for any reason, then your shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of the termination. This means that the Restricted Shares will revert to the Company. You receive no payment for Restricted Shares that are forfeited. As a matter of Cayman Islands law, the “forfeiture” described in this Agreement shall take effect as a surrender of Restricted Shares by you and by accepting this award of Restricted Shares, you hereby agree that such Restricted Shares shall be surrendered by you for no consideration. The Company determines when your Service terminates for all purposes of this award.

Leaves of Absence and Part-Time Work

For purposes of this award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company (or the Parent, Subsidiary or Affiliate employing you) in writing. If your leave of absence (other than a military leave) lasts for more than 6 months, then vesting will be suspended on the day that is 6 months and 1 day after the leave of absence began. Vesting will resume effective as of the second vesting date after you return from leave of absence provided you have worked at least one day during that vesting period.

In the case of all leaves, your Service terminates when the approved leave ends, unless you immediately return to active work.

If you and the Company (or the Parent, Subsidiary or Affiliate employing you) agree to a reduction in your scheduled work hours, then the Company reserves the right to modify the rate at which the shares vest, so that the rate of vesting is commensurate with your reduced work schedule.

The Company shall not be required to adjust any vesting schedule pursuant to this subsection.

Share Certificates

The Restricted Shares are issued in book-entry form, registered in your name in the register of members of the Company, and held in escrow at the Company’s designated brokerage pending the date on which shares vest. After shares vest, the Company will release from escrow the number of Ordinary Shares representing your vested shares, registered in your name or in the name of your legal representatives, beneficiaries or heirs, as the case may be.

Voting Rights

You may vote your shares even before they vest.

Dividend Rights

Any cash dividends distributed with respect to Restricted Shares shall be subject to the same terms and conditions as apply to the Restricted Shares to which they relate and shall be paid to you (less all applicable withholding taxes) promptly upon vesting.

Withholding Taxes

No shares will be released to you unless you have made arrangements acceptable to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to pay any withholding taxes that may be due as a result of this award or the vesting of the shares (“**Tax Withholding Obligations**”). Prior to the relevant taxable event, you shall pay or make adequate arrangements satisfactory to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to satisfy the Tax Withholding Obligations.

You authorize the Company to instruct the broker whom it has selected for this purpose to sell a number of Ordinary Shares to be released to you upon the vesting of your Restricted Shares or a lesser number necessary to meet the Tax Withholding Obligations. Such sales shall be effected at a market price following the date that the Restricted Shares vest.

You acknowledge that the proceeds of any such sale may not be sufficient to satisfy the Tax Withholding Obligations. To the extent the proceeds from such sale are insufficient to cover the Tax Withholding Obligations, the Company (or the Parent, Subsidiary or Affiliate employing you) may in its discretion (a) withhold the balance of the Tax Withholding Obligations from your wages or other cash compensation paid to you by the Company (or the Parent, Subsidiary or Affiliate employing you) and/or (b) withhold in Ordinary Shares, provided that the Company only withholds an amount of shares not in excess of the amount necessary to satisfy the minimum withholding amount. The fair market value of withheld shares, determined as of the date taxes otherwise would have been withheld in cash, will be applied against the Tax Withholding Obligations. If the Company satisfies the Tax Withholding Obligations by withholding a number of Ordinary Shares as described above, you will be deemed to have received the full number of shares released from restrictions.

Rule 10b5-1 Plan

You acknowledge that the instruction to the broker to sell in the foregoing section is intended to comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Securities Exchange Act of 1934 (the “**Exchange Act**”), and to be interpreted to comply with the requirements of Rule 10b5-1(c)(1) under the Exchange Act (a “**10b5-1 Plan**”). This 10b5-1 Plan is adopted to be effective as of the first date on which Restricted Shares vest. This 10b5-1 Plan is being adopted to permit you to sell a number of shares to be released to you upon the vesting of Restricted Shares sufficient to pay the Tax Withholding Obligations that become due as a result of this award or the vesting of the Restricted Shares or, if you elect within thirty days following notification via the broker whom the Company has selected for this purpose of your restricted share award, to permit you to sell all of the vested Restricted Shares. You hereby appoint the Company as your agent and attorney-in-fact to instruct the broker with respect to the number of shares to be sold under this 10b5-1 Plan.

You hereby authorize the broker to sell the number of Ordinary Shares determined as set forth above and acknowledge that the broker is under no obligation to arrange for such sale at any particular price. You acknowledge that the broker may aggregate your sales with sales occurring on the same day that are effected on behalf of other Company employees pursuant to sales of shares vesting under Company options, restricted share awards or restricted share unit awards and your proceeds will be based on a blended price for all such sales. You acknowledge that you will be responsible for all brokerage fees and other costs of sale, and you agree to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. You acknowledge that it may not be possible to sell Ordinary Shares during the term of this 10b5-1 Plan due to (a) a legal or contractual restriction applicable to you or to the broker, (b) a market disruption, (c) rules governing order execution priority on the Nasdaq Global Market, (d) a sale effected pursuant to this 10b5-1 Plan that fails to comply (or in the reasonable opinion of the broker’s counsel is likely not to comply) with Rule 144 under the Securities Act of 1933, if applicable, or (e) if the Company determines that sales may not be effected under this 10b5-1 Plan. You acknowledge that this 10b5-1 Plan is subject to the terms of any policy adopted now or hereafter by the Company governing the adoption or administration of 10b5-1 plans.

Restrictions on Resale	You agree not to sell any shares at a time when applicable laws, regulations, Company trading policies (including the Company's Insider Trading Policy, a copy of which can be found on the Company's intranet) or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Your award or this Agreement does not give you the right to be employed or retained by the Company, a Parent, a Subsidiary or an Affiliate in any capacity. The Company and its Parent, Subsidiaries and Affiliates reserve the right to terminate your Service at any time, with or without cause.
Additional or Exchanged Securities and Property	In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a share split, the declaration of a share dividend, the declaration of an extraordinary dividend payable in a form other than shares, a spin-off, a recapitalization or a similar transaction affecting the Company's outstanding Ordinary Shares, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Restricted Shares, shall be subject to the same terms and conditions (including, without limitation, vesting and forfeiture) as are applicable to the Restricted Shares under this Agreement and the Plan. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Restricted Shares.
Recoupment Policy	The shares issued pursuant to this award shall be subject to any Company recoupment policy in effect from time to time.
Effect of Significant Corporate Transactions	If the Company is a party to a merger, consolidation or certain change in control transactions, then the Restricted Shares will be subject to the applicable provisions of Article XI of the Plan.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the Cayman Islands (without regard to their choice-of-law provisions).
The Plan and Other Agreements	<p>The text of the Plan is incorporated in this Agreement by reference. A copy of the Plan is available on the Company's intranet or by request to the Finance Department. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.</p> <p>This Agreement, the Notice of Restricted Share Award and the Plan constitute the entire understanding between you and the Company regarding this award. Any prior agreements, commitments or</p>

negotiations concerning this award are superseded. This Agreement may be amended only by another written agreement between the parties.

**BY ACCEPTING THIS RESTRICTED SHARE AWARD, YOU AGREE TO ALL OF THE
TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.**

THERAVANCE BIOPHARMA, INC.
2013 EMPLOYEE SHARE PURCHASE PLAN
(AS AMENDED JULY 21, 2014)

THERAVANCE BIOPHARMA, INC.

2013 EMPLOYEE SHARE PURCHASE PLAN

SECTION 1. PURPOSE OF THE PLAN.

The Board adopted the Plan effective as of the Registration Date. The purpose of the Plan is to provide Eligible Employees with an opportunity to increase their proprietary interest in the success of the Company by purchasing Shares from the Company on favorable terms.

SECTION 2. ADMINISTRATION OF THE PLAN.

(a) **Committee Composition.** The Committee shall administer the Plan; provided, however, that in the alternative, the Board may administer the Plan. The Committee shall consist exclusively of one or more members of the Board, who shall be appointed by the Board.

(b) **Committee Responsibilities.** The Committee shall interpret the Plan and make all other policy decisions relating to the operation of the Plan. The Committee may adopt such rules, guidelines and forms as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final and binding on all persons.

SECTION 3. SECURITIES OFFERED UNDER THE PLAN.

(a) **Authorized Shares.** The number of Shares available for purchase under the Plan shall be 857,142 Ordinary Shares (subject to adjustment pursuant to Subsection (b) below). On January 1st of each year, commencing with January 1, 2015 and ending on (and including) January 1, 2033, the aggregate number of Shares available for purchase under the Plan shall automatically increase by a number equal to the least of (a) 1% of the total number of Ordinary Shares outstanding on December 31st of the prior year, (ii) 571,428 Ordinary Shares (subject to adjustment pursuant to Subsection (b) below) or (c) a number of Ordinary Shares determined by the Board. Shares issued pursuant to the Plan may be authorized but unissued shares or treasury shares.

(b) **Anti-Dilution Adjustments.** In the event that any dividend or other distribution (whether in the form of cash, Shares or other securities or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other similar change in the corporate structure of the Company affecting the Shares and effected without receipt or payment of consideration by the Company occurs, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, there will be a proportionate adjustment of the number and class of Shares that may be delivered under the Plan, the Purchase Price per share and the number of Shares covered by each

option under the Plan which has not yet been exercised, and the numerical limits of Sections 3(a) and 9(c).

(c) **Reorganizations.** Any other provision of the Plan notwithstanding, in the event of a Corporate Reorganization, the Plan may be continued or assumed by the surviving corporation or its parent corporation. If such acquirer refuses to continue or assume the Plan then, immediately prior to the effective time of the Corporate Reorganization, any Offering Period then in progress shall terminate and a new Purchase Date for each such Offering Period will be set immediately prior to the effective time of the Corporate Reorganization. In the event a new Purchase Date is set under this Section 3(c), Participants will be given notice of the new Purchase Date. The Plan shall in no event be construed to restrict in any way the Company's right to undertake a dissolution, liquidation, merger, consolidation or other reorganization.

SECTION 4. ENROLLMENT AND PARTICIPATION.

(a) **Offering Periods.**

(i) **Base Offering Periods.** The Committee may establish Offering Periods of such frequency and duration as it may from time to time determine as appropriate (the "**Base Offering Periods**"); provided that a Base Offering Period shall in no event be longer than 27 months (or such other period as may be imposed under applicable tax law). The Base Offering Periods are intended to qualify under Code Section 423. Unless changed by the Committee, the Plan shall operate such that two overlapping Base Offering Periods shall commence in each calendar year, each of 24 months' duration commencing on each May 16 and November 16. The Committee may determine that the first Base Offering Period applicable to the Eligible Employees of a new Participating Company shall commence on any date specified by the Committee. The Committee shall determine when the first Base Offering Period will commence.

(ii) **Additional Offering Periods.** At the discretion of the Committee, additional Offering Periods may be conducted under the Plan (the "**Additional Offering Periods**"). Such Additional Offering Periods may, but need not, qualify under Code Section 423. The Committee shall determine the commencement and duration of each Additional Offering Period, and Additional Offering Periods may be consecutive or overlapping. The other terms and conditions of each Additional Offering Period shall be those set forth in this Plan document, with such changes or additional features as the Committee determines necessary to comply with local law.

(iii) **Separate Offerings.** Each Base Offering Period and Additional Offering Period conducted under the Plan is intended to constitute a separate "offering" for purposes of Code Section 423.

(iv) **Equal Rights and Privileges.** To the extent an Offering Period is intended to qualify under Code Section 423, all participants in such Offering Period shall have the same rights and privileges with respect to their participation in such Offering Period in accordance with Code Section 423 and the regulations thereunder except for

differences that may be mandated by local law and are consistent with the requirements of Code Section 423(b)(5).

(b) **Purchase Periods.** Unless changed by the Committee, the Plan shall operate such that two Purchase Periods shall commence in each calendar year, each of six months' duration, commencing on each May 16 and November 16, and ending on the earliest of the next November 15 and May 15, respectively. The Committee may determine that the first Purchase Period applicable to the Eligible Employees of a new Participating Company shall commence on any date specified by the Committee.

(c) **Enrollment.** In the case of any individual who qualifies as an Eligible Employee on the first day of any Offering Period, he or she may elect to become a Participant on such day by filing the prescribed enrollment form with the Company. The enrollment form shall be filed at the prescribed location at least 10 business days (or such other period as the Committee or its designee may designate) prior to such day.

(d) **Duration of Participation.** Once enrolled in the Plan, a Participant shall continue to participate in the Plan until he or she:

- (i) Reaches the end of the Offering Period or Purchase Period, as applicable, in which his or her employee contributions were discontinued under Section 5(c) or 9(b);
- (ii) Withdraws from the Plan under Section 6(a); or
- (iii) Ceases to be an Eligible Employee.

A Participant whose employee contributions were discontinued automatically under Section 9(b) shall automatically resume participation at the beginning of the earliest Purchase Period ending in the next calendar year, if he or she then is an Eligible Employee. In all other cases, a former Participant may again become a Participant, if he or she then is an Eligible Employee, by following the procedure described in Subsection (c) above.

(e) **Applicable Offering Period.** For purposes of calculating the Purchase Price under Section 8(b), the applicable Offering Period shall be determined as follows:

- (i) Once a Participant is enrolled in the Plan for an Offering Period, such Offering Period shall continue to apply to him or her until the earliest of (A) the end of such Offering Period, (B) the end of his or her participation under Subsection (d) above or (C) re-enrollment for a subsequent Offering Period under Paragraph (ii) or (iii) below.
- (ii) In the event that the Fair Market Value of a Share on the first trading day of the Offering Period for which the Participant is enrolled is higher than on the first trading day of any subsequent Offering Period, the Participant shall automatically be re-enrolled for such subsequent Offering Period.

(iii) Any other provision of the Plan notwithstanding, the Company (at its sole discretion) may determine prior to the commencement of any new Offering Period that all Participants shall be re-enrolled for such new Offering Period.

(iv) When a Participant reaches the end of an Offering Period but his or her participation is to continue, then such Participant shall automatically be re-enrolled for the Offering Period that commences immediately after the end of the prior Offering Period.

SECTION 5. EMPLOYEE CONTRIBUTIONS.

(a) **Commencement of Payroll Deductions.** A Participant may purchase Shares under the Plan solely by means of payroll deductions. Payroll deductions shall commence as soon as reasonably practicable after the Company has received the prescribed enrollment form.

(b) **Amount of Payroll Deductions.** An Eligible Employee shall designate on the prescribed enrollment form the portion of his or her Compensation that he or she elects to have withheld for the purchase of Shares. Such portion shall be a whole percentage of the Eligible Employee's Compensation, but not less than 1% nor more than 15%.

(c) **Reducing Withholding Rate or Discontinuing Payroll Deductions.** If a Participant wishes to reduce his or her rate of payroll withholding, such Participant may do so by filing a new enrollment form with the Company at the prescribed location at any time. The new withholding rate shall be effective as soon as reasonably practicable after the Company has received such form. The new withholding rate may be 0% or any whole percentage of the Participant's Compensation, but not more than his or her old withholding rate. No Participant shall make more than two elections under this Subsection (c) during any Purchase Period. (In addition, employee contributions may be discontinued automatically pursuant to Section 9(b).)

(d) **Increasing Withholding Rate.** If a Participant wishes to increase his or her rate of payroll withholding, such Participant may do so by filing a new enrollment form with the Company. The new withholding rate may be effective on the first day of the next-upcoming Purchase Period in the Offering Period in which the Participant participates, provided that the Participant has filed the enrollment form with the Company at the prescribed location at least 10 business days (or such other period as the Committee or its designee may designate) prior to such day. The new withholding rate may be any whole percentage of the Participant's Compensation, but not less than 1% nor more than 15%. An increase in a Participant's rate of payroll withholding may not take effect during a Purchase Period.

SECTION 6. WITHDRAWAL FROM THE PLAN.

(a) **Withdrawal.** A Participant may elect to withdraw from the Plan (or, if applicable, from an Offering Period) by filing the prescribed form with the Company at the prescribed location at any time before a Purchase Date. As soon as reasonably practicable thereafter, payroll deductions shall cease and the entire amount credited to the Participant's Plan

Account with respect to such Offering Period shall be refunded to him or her in cash, without interest. No partial withdrawals from an Offering Period shall be permitted.

(b) **Re-Enrollment After Withdrawal.** A former Participant who has withdrawn from the Plan shall not be a Participant until he or she re-enrolls in the Plan under Section 4(c). Re-enrollment may be effective only at the commencement of an Offering Period.

SECTION 7. CHANGE IN EMPLOYMENT STATUS.

(a) **Termination of Employment.** Termination of employment as an Eligible Employee for any reason, including death, shall be treated as an automatic withdrawal from the Plan under Section 6(a). (A transfer from one Participating Company to another shall not be treated as a termination of employment provided that each Participating Company is then participating in the same Offering Period.)

(b) **Leave of Absence.** For purposes of the Plan, employment shall not be deemed to terminate when the Participant goes on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing. Employment, however, shall be deemed to terminate on the first day following three months after the Participant goes on a leave, unless a contract or statute guarantees his or her right to return to work. Employment shall be deemed to terminate in any event when the approved leave ends, unless the Participant immediately returns to work.

(c) **Death.** In the event of the Participant's death, the amount credited to his or her Plan Account shall be paid to a beneficiary designated by him or her for this purpose on the prescribed form or, if none, to the Participant's estate. Such form shall be valid only if it was filed with the Company at the prescribed location before the Participant's death.

SECTION 8. PLAN ACCOUNTS AND PURCHASE OF SHARES.

(a) **Plan Accounts.** The Company shall maintain a Plan Account on its books in the name of each Participant. Whenever an amount is deducted from the Participant's Compensation under the Plan, such amount shall be credited to the Participant's Plan Account. Amounts credited to Plan Accounts shall not be trust funds and may be commingled with the Company's general assets and applied to general corporate purposes. No interest shall be credited to Plan Accounts.

(b) **Purchase Price.** The Purchase Price for each Share purchased on a Purchase Date shall be the lower of:

(i) 85% of the Fair Market Value of such share on the first day of the applicable Offering Period (as determined under Section 4(e)); or

(ii) 85% of the Fair Market Value of such share on the Purchase Date.

(c) **Number of Shares Purchased.** On each Purchase Date, each Participant shall be deemed to have elected to purchase the number of Shares calculated in accordance with

this Subsection (c), unless the Participant has previously elected to withdraw from the Offering Period in accordance with Section 6(a). The amount then in the Participant's Plan Account shall be divided by the Purchase Price, and the number of shares that results shall be purchased from the Company with the funds in the Participant's Plan Account. The foregoing number of Shares purchasable by a Participant are subject to the limitations set forth in Section 9. The Committee may determine with respect to all Participants that any fractional share, as calculated under this Subsection (c), shall be (i) rounded down to the next lower whole share or (ii) credited as a fractional share.

(d) **Available Shares Insufficient.** In the event that the aggregate number of shares that all Participants elect to purchase with respect to a particular Purchase Period exceeds (i) the number of Shares that were available under Section 3 above for sale under the Plan on the first day of the applicable Offering Period, or (ii) the number of shares that were available under Section 3 above for sale under the Plan on the applicable Purchase Date, then the number of shares to which each Participant is entitled shall be determined by multiplying the number of shares available for issuance by a fraction. The numerator of such fraction is the number of shares that such Participant has elected to purchase, and the denominator of such fraction is the number of shares that all Participants have elected to purchase. The Company may make a pro rata allocation of the shares available on the first day of an applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's shareholders subsequent to such date. In the event of a pro-rata allocation under this Section (d), the Committee may determine in its discretion to continue all Offering Periods then in effect or terminate all Offering Periods then in effect pursuant to Section 14.

(e) **Issuance of Shares.** The Shares purchased by a Participant under the Plan may be registered in the name of such Participant, or jointly in the name of such Participant and his or her spouse as joint tenants with the right of survivorship or as community property (with or without the right of survivorship). The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. (The two preceding sentences shall apply whether or not the Participant is required to pay income tax in the United States.)

(f) **Tax Withholding.** To the extent required by applicable federal, state, local or foreign law, a Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any Shares under the Plan until such obligations, if any, are satisfied.

(g) **Unused Cash Balances.** Subject to the final sentence of Section 8(c), an amount remaining in the Participant's Plan Account that represents the Purchase Price for any fractional share shall be carried over in the Participant's Plan Account to the next Purchase Period. Any amount remaining in the Participant's Plan Account that represents the Purchase

Price for whole shares that could not be purchased by reason of Subsections (c) or (d) above or Section 9(b) shall be refunded to the Participant in cash, without interest.

(h) **Shareholder Approval.** Any other provision of the Plan notwithstanding, no Shares shall be purchased under the Plan unless and until the Company's shareholders have approved the adoption of the Plan.

SECTION 9. PLAN LIMITATIONS.

(a) **Five Percent Limit.** Any other provision of the Plan notwithstanding, no Participant shall be granted a right to purchase Shares under the Plan if such Participant, immediately after his or her election to purchase such Shares, would own shares possessing more than 5% of the total combined voting power or value of all classes of securities of the Company or any parent or Subsidiary of the Company, determined in accordance with applicable tax law.

(b) **Dollar Limit.** Any other provision of the Plan notwithstanding, no Participant shall purchase Shares with a Fair Market Value in excess of the following limit:

(i) In the case of Shares purchased during an Offering Period that commenced in the current calendar year, the limit shall be equal to (A) \$25,000 minus (B) the Fair Market Value of the Shares that the Participant previously purchased under the Plan in the current calendar year.

(ii) In the case of Shares purchased during an Offering Period that commenced in the immediately preceding calendar year, the limit shall be equal to (A) \$50,000 minus (B) the Fair Market Value of the Shares that the Participant previously purchased under the Plan in the current calendar year and in the immediately preceding calendar year.

(iii) In the case of Shares purchased during an Offering Period that commenced in the second calendar year before the current calendar year, the limit shall be equal to (A) \$75,000 minus (B) the Fair Market Value of the Shares that the Participant previously purchased under the Plan in the current calendar year and in the immediately preceding two calendar years.

For all purposes under this Subsection (b), (A) the Fair Market Value of Shares shall be determined as of the beginning of the Offering Period in which such Shares are purchased; and (B) this Plan shall be aggregated with any other employee share purchase plans of the Company (or any parent or Subsidiary of the Company) described in Code Section 423. If a Participant is precluded by this Subsection (b) from purchasing additional Shares under the Plan, then his or her employee contributions shall automatically be discontinued and shall automatically resume at the beginning of the earliest Purchase Period ending in the next calendar year (if he or she then is an Eligible Employee).

(c) **Purchase Period Share Purchase Limit.** Any other provision of the Plan notwithstanding, no Participant shall purchase more than 4,000 Shares with respect to any Purchase Period; provided that the Committee may, for future Offering Periods, increase or

decrease in its absolute discretion, the maximum number of Shares that a Participant may purchase during each Purchase Period.

SECTION 10. RIGHTS NOT TRANSFERABLE.

The rights of any Participant under the Plan, or any Participant's interest in any Shares or moneys to which he or she may be entitled under the Plan, shall not be transferable by voluntary or involuntary assignment or by operation of law, or in any other manner other than by beneficiary designation or the laws of descent and distribution. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interest under the Plan, other than by beneficiary designation or the laws of descent and distribution, then such act shall be treated as an election by the Participant to withdraw from the Plan under Section 6(a).

SECTION 11. NO RIGHTS AS AN EMPLOYEE.

Nothing in the Plan or in any right granted under the Plan shall confer upon the Participant any right to continue in the employ of a Participating Company for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Participating Companies or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her employment at any time and for any reason, with or without cause.

SECTION 12. NO RIGHTS AS A SHAREHOLDER.

A Participant shall have no rights as a shareholder with respect to any Shares that he or she may have a right to purchase under the Plan until such shares have been purchased on the applicable Purchase Date and until the Participant has been registered as the holder of such Shares on the register of members of the Company.

SECTION 13. SECURITIES LAW REQUIREMENTS.

Shares shall not be issued, and the Company shall have no liability for failure to issue Shares, under the Plan unless the issuance and delivery of such shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded.

SECTION 14. AMENDMENT OR DISCONTINUANCE.

(a) **General Rule.** The Committee, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Committee, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of Shares on the next Purchase Date, or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 3(b) or (c)). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts which have not been used

to purchase Shares will be returned to the Participants (without interest thereon, except as otherwise required under local laws) as soon as administratively practicable.

(b) **Committee's Discretion.** Without shareholder consent and without limiting Section 14(a), the Committee will be entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Shares for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as it determines in its sole discretion advisable which are consistent with the Plan.

(c) **Accounting Consideration.** In the event the Committee determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Committee may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

- (i) Amending the Plan to conform with the safe harbor definition under Financial Accounting Standards Board Accounting Standards Codification Topic 718, including with respect to an Offering Period underway at the time;
- (ii) Altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;
- (iii) Shortening any Offering Period by setting a new Purchase Date, including an Offering Period underway at the time of the Committee's action;
- (iv) Reducing the maximum percentage of Compensation a Participant may elect to set aside as payroll deductions; and
- (v) Reducing the maximum number of Shares a Participant may purchase during any Purchase Period.

Such modifications or amendments will not require shareholder approval or the consent of any Plan Participants.

(d) **Shareholder Approval.** Except as provided in Section 3, any increase in the aggregate number of Shares that may be issued under the Plan shall be subject to the approval of the Company's shareholders. In addition, any other amendment of the Plan shall be subject to the approval of the Company's shareholders to the extent required under Section 14(e) or by any applicable law or regulation.

(e) **Plan Termination.** The Plan shall terminate automatically 20 years after its adoption by the Board, unless (i) the Plan is extended by the Board and (ii) the extension is approved within 12 months by a vote of the shareholders of the Company.

SECTION 15. DEFINITIONS.

(a) **“Board”** means the Board of Directors of the Company, as constituted from time to time.

(b) **“Code”** means the Internal Revenue Code of 1986, as amended.

(c) **“Committee”** means a committee of the Board, as described in Section 2.

(d) **“Company”** means Theravance Biopharma, Inc., a Cayman Islands exempted limited liability company.

(e) **“Compensation”** means (i) the total compensation paid in cash to a Participant by a Participating Company, including salaries, wages, bonuses, incentive compensation, commissions, overtime pay and shift premiums, plus (ii) any pre-tax contributions made by the Participant under Code Sections 401(k) or 125. “Compensation” shall exclude all non-cash items, moving or relocation allowances, cost-of-living equalization payments, car allowances, tuition reimbursements, imputed income attributable to cars or life insurance, severance pay, fringe benefits, contributions or benefits received under employee benefit plans, income attributable to equity compensation awards of the Company, and similar items. The Committee shall determine whether a particular item is included in Compensation.

(f) **“Corporate Reorganization”** means:

(i) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization; or

(ii) The sale, transfer or other disposition of all or substantially all of the Company’s shares or assets or the complete liquidation or dissolution of the Company.

(g) **“Eligible Employee”** means a common law employee of a Participating Company who is customarily employed for more than five months per calendar year. The foregoing notwithstanding, an individual shall not be considered an Eligible Employee if his or her participation in the Plan is prohibited by the law of any country that has jurisdiction over him or her.

(h) **“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

(i) **“Fair Market Value”** means the price at which a Share was last sold in the principal U.S. market for the Shares on the applicable date or, if the applicable date was not a trading day, on the last trading day prior to the applicable date. If the Shares are no longer traded on a public U.S. securities market, the Fair Market Value shall be determined by the Committee

in good faith on such basis as it deems appropriate. The Committee's determination shall be conclusive and binding on all persons.

(j) **"Offering Period"** means any period, including Base Offering Periods and Additional Offering Periods, with respect to which the right to purchase Shares may be granted under the Plan, as determined pursuant to Section 4(a).

(k) **"Participant"** means an Eligible Employee who participates in the Plan, as provided in Section 4.

(l) **"Participating Company"** means (i) the Company and (ii) each present or future Subsidiary designated by the Committee as a Participating Company.

(m) **"Plan"** means this Theravance Biopharma, Inc. 2013 Employee Share Purchase Plan, as it may be amended from time to time.

(n) **"Plan Account"** means the account established for each Participant pursuant to Section 8(a).

(o) **"Purchase Date"** means the last trading day of a Purchase Period.

(p) **"Purchase Period"** means a period within an Offering Period (which for an Offering Period with only a single Purchase Period would be coterminous with the Offering Period) during which contributions may be made toward the purchase of Shares under the Plan, as determined pursuant to Section 4(b).

(q) **"Purchase Price"** means the price at which Participants may purchase Shares under the Plan, as determined pursuant to Section 8(b).

(r) **"Registration Date"** means the effective date of the registration statement filed by the Company with the Securities and Exchange Commission pursuant to Form 10.

(s) **"Shares"** means the Ordinary Shares of the Company.

(t) **"Subsidiary"** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns shares possessing 50% or more of the total combined voting power of all classes of shares in one of the other corporations in such chain.