

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. 2014 New Employee Equity Incentive Plan
 (Full title of the Plan)

Bradford J. Shafer
Senior Vice President, General Counsel and Secretary
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	750,000	N/A	N/A	N/A
Ordinary Shares, \$0.00001 par value	750,000	\$ 18.04	\$ 13,530,000	\$ 1,572.19

- (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. 2014 New Employee Equity Incentive Plan (the "Plan").
- (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 November 12, 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 Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 12, 2014;
- (e) The Registrant’s Current Reports on Form 8-K filed with the SEC on June 3, 2014, August 6, 2014 and November 6, 2014 (but only with respect to Item 5.02); and
- (f) 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

Exhibit Number	Exhibit
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. 2014 New Employee Equity Incentive Plan and form of option agreement thereunder.

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 2014 New Employee Equity Incentive 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 14th day of November, 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)	November 14, 2014
<u>/s/ Renee D. Gala</u> Renee D. Gala	Senior Vice President, Finance (Principal Financial and Accounting Officer)	November 14, 2014

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Michael G. Atieh</u> Michael G. Atieh	Director	November 14, 2014
<u>/s/ Eran Broshy</u> Eran Broshy	Director	November 14, 2014
<u>/s/ Henrietta H. Fore</u> Henrietta H. Fore	Director	November 14, 2014
<u>/s/ Robert V. Gunderson, Jr.</u> Robert V. Gunderson, Jr.	Director	November 14, 2014
<u>/s/ Dean J. Mitchell</u> Dean J. Mitchell	Director	November 14, 2014
<u>/s/ Burton G. Malkiel, Ph.D.</u> Burton G. Malkiel, Ph.D.	Director	November 14, 2014
<u>/s/ Peter S. Ringrose, Ph.D.</u> Peter S. Ringrose, Ph.D.	Director	November 14, 2014
<u>/s/ George M. Whitesides, Ph.D.</u> George M. Whitesides, Ph.D.	Director	November 14, 2014
<u>/s/ William D. Young</u> William D. Young	Director	November 14, 2014

EXHIBIT INDEX

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99.1	Theravance Biopharma, Inc. 2014 New Employee Equity Incentive Plan and form of option agreement thereunder.

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

14 November 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 750,000 ordinary shares of a par value of US\$0.00001 per share (the “**Shares**”) to be issued by the Company pursuant to its 2014 New Employee Equity Incentive Plan (the “**Plan**”).

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 meeting of the board of directors of the Company held on 22 October 2014 (the “**Meeting**”) and the corporate records of the Company maintained at its registered office in the Cayman Islands.
- 1.3 A Certificate of Good Standing issued by the Registrar of Companies (the “**Certificate of Good Standing**”).
- 1.4 A certificate from a Director of the Company addressed to this firm (the “**Director’s Certificate**”).
- 1.5 The Registration Statement.
- 1.6 The Plan.

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 Plan has 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 Plan is 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 Plan have been duly authorised for issue, and when issued by the Company pursuant to the provisions of the Plan 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. 2014 New Employee Equity Incentive Plan of our report dated April 8, 2014, with respect to the combined financial statements of Theravance Biopharma, Inc. included in the 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
November 11, 2014

THERAVANCE BIOPHARMA, INC.
2014 NEW EMPLOYEE EQUITY INCENTIVE PLAN
(AS ADOPTED EFFECTIVE OCTOBER 22, 2014)

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THERAVANCE BIOPHARMA, INC.
2014 NEW EMPLOYEE EQUITY INCENTIVE PLAN

ARTICLE I. INTRODUCTION.

The Plan was adopted by the Board on October 22, 2014, to be effective immediately. 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 to focus on critical long-range objectives, (b) encouraging the attraction and retention of Employees with exceptional qualifications, and (c) linking Employees directly to shareholder interests through increased share ownership. The Plan seeks to achieve this purpose by providing for the following Awards: (i) Options (which shall be NSOs), (ii) SARs, (iii) Restricted Shares and (iv) Share Units.

The Plan is designed to attract new employees, and each Award under the Plan is intended to satisfy the requirements of Nasdaq Listing Rule 5635(c)(4) or any successor thereto applicable to inducement grants.

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. To the extent desirable to qualify transactions hereunder as exempt under Exchange Act Rule 16b-3, a Committee shall satisfy such requirements as the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Exchange Act Rule 16b-3 (or its successor).

2.2 **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 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.

2.3 **Effect of Administrator's Decisions.** The Administrator's decisions, determinations and interpretations shall be final and binding on all Employees 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 the Plan shall not exceed the sum of (a) 750,000 shares and (b) the additional Ordinary Shares described in Section 3.2. 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 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 **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.

ARTICLE IV. ELIGIBILITY.

Only Employees shall be eligible for the grant of Awards under the Plan.

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 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.

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 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 of 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. 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 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 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. 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.

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. 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.

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 Award shall automatically accelerate so that each such 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 Award and may be exercised for any or all of those fully-vested Ordinary Shares. *However, an outstanding Award shall not so accelerate if and to the extent such 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 Award is granted or at any time while the Award remains outstanding, to provide for the automatic acceleration of vesting upon the occurrence of a Change in Control, whether or not

the 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 limitation in Section 3.1;
- (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 an 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 16.6(c)), all outstanding 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 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 Award:

- (a) The continuation of such outstanding Award by the Company (if the Company is the surviving entity).
-

(b) The assumption of such outstanding 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 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 Award and full vesting of the Ordinary Shares subject to such Award, followed by the cancellation of such Award. The full exercisability of such Award and full vesting of the Ordinary Shares subject to such Award may be contingent on the closing of the transaction. The Participant shall be able to exercise such 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 Award. Any exercise of such Award during such period may be contingent on the closing of such transaction.

(e) The cancellation of such outstanding Award and a payment to the Participant with respect to each Ordinary Share subject to the 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 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 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 an Award is zero or a negative number, then such 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 an 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. LIMITATION ON RIGHTS.

13.1 **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. The Company and its Parents, Subsidiaries and Affiliates reserve the right to terminate the service of any Employee 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).

13.2 **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.

13.3 **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.

13.4 **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.

13.5 **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 XIV. WITHHOLDING TAXES.

14.1 **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.

14.2 **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.

14.3 **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 XV. FUTURE OF THE PLAN.

15.1 **Term of the Plan.** The Plan shall remain in effect until the earlier of (a) the date the Plan is terminated under Section 15.2 or (b) the 10th anniversary of the date the Board adopted the Plan.

15.2 **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.

15.3 **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 XVI. DEFINITIONS.

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

16.2 “**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.

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

16.4 “**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.

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

16.6 “**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.

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

16.8 **"Committee"** means a committee of two or more independent members of the Board, or of other individuals satisfying applicable laws, appointed by the Board to administer the Plan.

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

16.10 **"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.

16.11 **"Employee"** means a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate who is newly hired as an employee by the Company, a Parent, a Subsidiary or an Affiliate, or who is rehired following a bona fide period of non-employment with the Company, a Parent, a Subsidiary or an Affiliate, including persons who become new employees of the Company, a Parent, a Subsidiary or an Affiliate in connection with a merger or acquisition.

16.12 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

16.13 **"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.

16.14 **"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.

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

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

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

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

16.19 “**Ordinary Shares**” means the ordinary shares of the Company.

16.20 “**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.

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

16.22 “**Plan**” means this Theravance Biopharma, Inc. 2014 New Employee Equity Incentive Plan, as amended from time to time.

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

16.24 “**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.

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

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

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

16.28 “**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.

16.29 “**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.

THERAVANCE BIOPHARMA, INC. 2014 NEW EMPLOYEE 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 2014 New Employee 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. 2014 NEW EMPLOYEE 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
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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 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	<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 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>

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	<p>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.</p> <p>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.</p>
Leaves of Absence and Part-Time Work	<p>For purposes of this option, your Service does not terminate when you go on a military leave, a sick leave or another <i>bona fide</i> 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.</p> <p>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.</p> <p>The Company shall not be required to adjust any vesting schedule pursuant to this subsection.</p>
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	<p>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.</p> <p>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.</p> <p>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.</p> <p>In no event may this option be exercised for any fractional shares.</p>

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), 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), 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), 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

You will not be allowed to exercise this option unless you make arrangements acceptable to the Company (and/or the Parent, Subsidiary or Affiliate employing you) to pay any withholding taxes that may be due as

Withholding

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), 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 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 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.