

THERAVANCE INC  
Form 10-Q  
August 01, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-30319

**THERAVANCE, INC.**

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(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**94-3265960**  
(I.R.S. Employer  
Identification No.)

**901 Gateway Boulevard**  
**South San Francisco, CA 94080**

(Address of Principal Executive Offices including Zip Code)

**(650) 808-6000**

(Registrant's Telephone Number, Including Area Code)

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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 definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of registrant's common stock outstanding on July 25, 2012 was 96,899,828.



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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****THERAVANCE, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except per share data)

	June 30, 2012 (Unaudited)	December 31, 2011 *
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 161,096	\$ 44,778
Short-term investments	134,393	196,137
Receivable from related party	94	223
Notes receivable, current	100	100
Prepaid and other current assets	3,398	3,525
Inventory	4,299	
Total current assets	303,380	244,763
Long-term marketable securities	83,208	
Restricted cash	833	893
Property and equipment, net	9,660	10,372
Notes receivable, non-current	240	240
Other assets, non-current	2,101	2,514
Total assets	\$ 399,422	\$ 258,782
<b>Liabilities and stockholders' equity (net capital deficiency)</b>		
Current liabilities:		
Accounts payable	\$ 4,989	\$ 5,813
Accrued personnel related expenses	5,669	9,643
Accrued clinical and development expenses	4,898	6,956
Accrued interest on convertible subordinated notes	2,372	2,372
Other accrued liabilities	2,077	1,946
Note payable and capital lease, current		69
Deferred revenue, current	5,771	18,697
Total current liabilities	25,776	45,496
Convertible subordinated notes	172,500	172,500
Deferred rent	5,477	5,821
Deferred revenue, non-current	6,413	122,017
Commitments and contingencies (Notes 3 and 7)		
Stockholders' equity (net capital deficiency):		
Common stock, \$0.01 par value; authorized: 200,000 shares; outstanding: 96,882 at June 30, 2012 and 85,543 at December 31, 2011	969	855
Additional paid-in capital	1,456,882	1,228,037
Accumulated other comprehensive income (loss)	(109)	16

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Accumulated deficit		(1,268,486)		(1,315,960)
Total stockholders' equity (net capital deficiency)		189,256		(87,052)
Total liabilities and stockholders' equity (net capital deficiency)	\$	399,422	\$	258,782

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\* Condensed consolidated balance sheet at December 31, 2011 has been derived from audited consolidated financial statements.

*See accompanying notes to condensed consolidated financial statements.*

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(In thousands, except per share data)

(Unaudited)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenue (including amounts from a related party: three months 2012-\$1,430; 2011-\$2,456; six months 2012-\$2,860; 2011-\$4,913)	\$ 1,430	\$ 6,389	\$ 128,529	\$ 12,719
Operating expenses:				
Research and development	29,549	22,798	62,751	43,262
General and administrative	7,590	7,248	15,447	14,417
Total operating expenses	37,139	30,046	78,198	57,679
Income (loss) from operations	(35,709)	(23,657)	50,331	(44,960)
Interest income				