UNITED THERAPEUTICS Corp
Form DEF 14A
April 30, 2012

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

United Therapeutics Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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1040 Spring Street
Silver Spring, MD 20910

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2012 annual meeting of shareholders of United Therapeutics Corporation will be held at our headquarters, 1040 Spring Street, Silver Spring, Maryland 20910, on Tuesday, June 26, 2012, at 9:00 a.m. local time for the following purposes:

1. Election of the three Class I directors named in the proxy statement and nominated by our Board of Directors to serve three-year terms until the 2015 annual meeting of shareholders and until their successors are duly elected and qualified or until their office is otherwise vacated;

2. To vote on an advisory resolution to approve executive compensation;

3. Approval of the United Therapeutics Corporation Employee Stock Purchase Plan;

4. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012; and

5. To consider and act upon such other business as may properly come before the annual meeting of shareholders and any adjournment or postponement thereof.

Only shareholders as of April 27, 2012, are entitled to notice of, and to vote at, our 2012 annual meeting of shareholders.

Important Notice Regarding the Availability of Proxy Materials for United Therapeutics Corporation's 2012 Annual Meeting of Shareholders to Be Held on Tuesday, June 26, 2012:

United Therapeutics Corporation's Proxy Statement, Annual Report, Form 10-K and other proxy materials are available at: *http://ir.unither.com/annualProxy.cfm*.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, YOU ARE REQUESTED TO FILL IN, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PRE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE SO THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. ALL SHAREHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THIS MEETING.

By Order of the Board of Directors,

Paul A. Mahon

Corporate Secretary

April 30, 2012
Silver Spring, Maryland

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UNITED THERAPEUTICS CORPORATION

1040 Spring Street
Silver Spring, MD 20910

PROXY STATEMENT FOR THE 2012 ANNUAL MEETING OF SHAREHOLDERS

INFORMATION ABOUT THE MEETING, VOTING AND PROXIES

General

This Proxy Statement and enclosed proxy card are being furnished on or about May 8, 2012, to shareholders of United Therapeutics Corporation in connection with the solicitation by our Board of Directors of proxies to be voted at our 2012 annual meeting of shareholders (Annual Meeting) and any adjournment or postponement thereof. Our Annual Meeting will be held on Tuesday, June 26, 2012, beginning at 9:00 a.m. local time at our corporate headquarters, 1040 Spring Street, Silver Spring, Maryland 20910.

Record Date and Outstanding Shares

On April 27, 2012 (the Record Date), there were 53,685,760 shares of our common stock outstanding and entitled to vote at our Annual Meeting. Only shareholders of record on the Record Date will be entitled to vote, either in person or by proxy, at our Annual Meeting, and each share will have one vote for each director nominee and one vote for each other matter to be voted on.

Solicitation

We will bear the cost of soliciting proxies. Our officers and employees may solicit proxies in person or by telephone, fax, email or regular mail, and they will receive no additional compensation for such work. Copies of solicitation materials may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of our common stock, and normal handling charges may be paid for such forwarding service.

Voting Rights and Quorum

Shares can be voted at our Annual Meeting only by shareholders who are present in person or represented by proxy. Whether or not you plan to attend our Annual Meeting in person, you are encouraged to sign and return the enclosed proxy card. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by delivering to the Corporate Secretary of United Therapeutics Corporation at 1040 Spring Street, Silver Spring, Maryland 20910, a written notice of revocation or a fully executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. The representation in person or by proxy of at least a majority of the outstanding shares entitled to vote is necessary to achieve a quorum for the transaction of business at the Annual Meeting.

Abstentions, "broker non-votes" (i.e., shares held by brokers or nominees that are represented at the meeting but with respect to which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners thereof or persons entitled to vote thereon) and proxies that are marked "withhold authority" with respect to the election of any one or more nominees for election as directors will be counted as present in determining whether the quorum requirement is satisfied.

Your broker, bank, trust or other nominee has the discretion to vote on routine corporate matters (including the ratification of the appointment of the independent registered public accounting firm) presented in the proxy materials without your specific voting instructions. Your broker, bank, trust or other nominee does not have the discretion to vote on non-routine matters (including the election of directors, the advisory resolution to approve executive compensation and the approval of the United Therapeutics Corporation Employee Stock Purchase Plan). For non-routine matters, your shares will not be voted without your specific voting instructions.

Proxy

If the enclosed proxy card is properly executed and returned prior to the Annual Meeting, the shares represented by the proxy card will be voted in accordance with the shareholder's directions. If the proxy card is signed and returned without any direction given, shares of our common stock represented by the proxy will be voted in accordance with the Board's recommendations as follows: (i) **FOR** the election of each of the three director nominees named on the proxy card, (ii) **FOR** the advisory resolution to approve executive compensation, (iii) **FOR** approval of the United Therapeutics Corporation Employee Stock Purchase Plan and (iv) **FOR** ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2012.

Voting Requirements

Election of Directors

Directors are elected by a plurality of the affirmative votes cast at our Annual Meeting. A "plurality" voting standard means that the three nominees who receive the largest number of votes cast will be elected as directors. Broker non-votes and shares as to which a shareholder withholds voting authority are not considered votes cast and therefore have no impact on the election of directors. Cumulative voting is not permitted in the election of directors. Proxies may not be voted for more than three nominees.

All Other Proposals to Be Voted On

The affirmative vote of the holders of a majority of the outstanding shares of common stock present, in person or by proxy, at our Annual Meeting, and entitled to vote on the matter, is required for approval of each of the other proposals to be voted on at the meeting. Abstentions have the same effect as an "against" vote. Broker non-votes, if any, have no impact on the vote.

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PROPOSAL NO. 1
ELECTION OF DIRECTORS

Our Board of Directors (Board) consists of ten members and is divided into three classes of three or four members each. At each annual meeting of shareholders, members of one of the classes, on a rotating basis, are elected to a three-year term. This year at our Annual Meeting, Martine Rothblatt, Louis Sullivan and Ray Kurzweil are nominees for election as Class I directors to serve three-year terms until our 2015 annual meeting of shareholders or until their successors are duly elected and qualified or their office is otherwise vacated. Each of our director nominees has consented to be named herein and to continue to serve on our Board of Directors, if elected. It is not anticipated that any nominee will become unable or unwilling to accept his or her nomination or election. If such an event should occur, the persons named on the proxy card intend to vote for the election of, in such nominee's stead, such other person as is recommended to our Board of Directors by our Board of Directors' Nominating and Governance Committee. In the alternative, the persons named on the proxy card may simply vote for the remaining nominees, leaving a vacancy that may be filled at a later date by our Board of Directors, or our Board of Directors may reduce the size of the Board.

We believe that our directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the best interests of our shareholders. We also endeavor to have a Board of Directors that, as a whole, represents a range of experiences in business, government, education and technology and in other areas that are relevant to our business activities. In addition, our Board believes there are certain attributes every director should possess, which are set forth in the *Director Nominations and Diversity* section below.

In evaluating incumbent directors for re-nomination to our Board, the members of our Nominating and Governance Committee consider a variety of factors. These include each director's independence, financial literacy, personal and professional accomplishments, tenure on our Board and experience in light of our business goals. The following presents information concerning persons nominated for election as directors at our Annual Meeting and for those of our directors whose terms of office will continue after our Annual Meeting, including their age (as of the date of this proxy statement), membership on committees of our Board, principal occupations or affiliations during the last five years or more, director qualifications, and certain other directorships held. For additional information concerning the director nominees, including stock ownership and compensation, see the section entitled *Non-Employee Director Compensation* and the *Beneficial Ownership of Common Stock* table below.

Nominees as Class I Directors for Election at our 2012 Annual Meeting of Shareholders

Martine Rothblatt, Ph.D., J.D., M.B.A. **Age 57**	***Chairman of the Board*** Dr. Rothblatt founded United Therapeutics in 1996 and has served as Chairman and Chief Executive Officer since its inception. Prior to United Therapeutics, she founded and served as Chairman and Chief Executive Officer of Sirius Satellite Radio. She is a co-inventor on three of our patents pertaining to treprostinil. She has served as a United Therapeutics director since 1996. *Dr. Rothblatt brings to the Board extensive leadership and business experience at technology companies such as Sirius Satellite Radio, as well as in-depth knowledge of our company from her service as our founder, Chairman and Chief Executive Officer. She also has substantial knowledge of medical ethics, having obtained her Ph.D. in medical ethics from the Royal College of Medicine and Dentistry, Queen Mary College, University of London.*

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Louis Sullivan, M.D.
Age 78

***Member*, Compensation Committee**
***Member*, Nominating and Governance Committee**
***Member*, Scientific Committee**

Dr. Sullivan currently serves as a Director of Henry Schein, Inc. (since 2001), BioSante Pharmaceuticals, Inc. (since 1994), and Emergent BioSolutions, Inc. (since 2005), all publicly traded companies. Dr. Sullivan previously served on the boards of directors of a wide range of public companies, including General Motors Company, Bristol-Myers Squibb Company, Cigna Corporation, 3M Company and Georgia Pacific Corporation. Dr. Sullivan was the founding President of Morehouse School of Medicine, from 1981 to 1989, served as President again from 1993 to 2002, and became President Emeritus in July 2002. Dr. Sullivan was also one of the founders and served as Chairman of Medical Education for South African Blacks, Inc., a member of the National Executive Council for the Boy Scouts of America, and a member of the Board of Trustees of Little League of America. Dr. Sullivan served as Secretary of the United States Department of Health and Human Services from 1989 to 1993. He is a physician certified in internal medicine with a subspecialty certification in hematology. He has served as a United Therapeutics director since 2002.

Dr. Sullivan brings to our Board extensive experience in the healthcare industry as a public official from his service as a Secretary of the U.S. Department of Health and Human Services, physician certified in internal medicine and professor and administrator at Morehouse School of Medicine. He also has substantial public company board experience gained from his service as a director of Henry Schein, Inc., BioSante Pharmaceuticals, Inc. and Emergent BioSolutions, Inc. as well as his previous public company board service.

Ray Kurzweil
Age 64

***Member*, Scientific Committee**

Mr. Kurzweil is an inventor, entrepreneur and author, and has created several important technologies in the artificial intelligence field. He has received the National Medal of Technology, the MIT-Lemelson Prize, nineteen honorary doctorates and honors from three U.S. Presidents. Mr. Kurzweil was selected as a 2002 inductee into the National Inventors Hall of Fame. Since 1995, Mr. Kurzweil has served as the Chief Executive Officer of Kurzweil Technologies, Inc., a technology development firm. He has served as a United Therapeutics director since 2002.

Mr. Kurzweil brings to our Board extensive technological experience as an inventor and technology developer. His technical experience in the areas of artificial intelligence, telemedicine, and pharmaceutical research and development, and his experience in building businesses around his inventions, provide our Board with perspective in evaluating current and proposed technologies and business opportunities. Mr. Kurzweil also brings to our Board substantial corporate leadership experience from his role as Chief Executive Officer of Kurzweil Technologies, Inc.

OUR BOARD OF DIRECTORS RECOMMENDS THAT OUR SHAREHOLDERS VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES AS CLASS I DIRECTORS.

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Class II Directors Continuing in Office with Terms Ending in 2013

Christopher Causey, M.B.A. **Age 49**	***Chairman*, Compensation Committee** ***Member*, Nominating and Governance Committee** Mr. Causey has served as the Principal of the Causey Consortium, a professional services organization providing business strategy and marketing counsel to the healthcare industry, since 2002. Previously, Mr. Causey served as a senior marketing officer for a variety of healthcare and technology companies. From 2001 to 2002, Mr. Causey served as the Chief Marketing Officer for Definity Health Incorporated. Since 2008, he has also been a member of the Board of Directors of Data Sciences International, Inc., a private company that develops wireless physiological monitoring solutions. Mr. Causey has served as a United Therapeutics director since 2003. *Drawing upon over 20 years of experience in strategic planning and marketing for health care delivery, financing and biotechnology organizations, including as Principal of Causey Consortium, a professional services organization that provides strategy and marketing counsel to the healthcare industry, Mr. Causey brings to our Board substantial experience in the health care and biotech industries. Now that we have three marketed products, our Board benefits from Mr. Causey's extensive leadership experience as a senior health care marketing executive at companies such as Definity Health Incorporated. He has also led technology and management assessment efforts for our Board.*
Richard Giltner **Age 48**	***Member*, Audit Committee** ***Member*, Nominating and Governance Committee** From 2009 until his retirement in 2010, Mr. Giltner was a portfolio manager at Lyxor Asset Management, an asset management group at the French bank Société Générale. From 2006 until 2009, he served as a managing director of Société Générale Asset Management, an international fund management firm, and head of the European office for its fund of hedge funds group. From 2003 to 2006, Mr. Giltner was the global head of foreign exchange options for the investment banking arm of Société Générale. He also held various other managerial positions within Société Générale from 1991 until 2003. Mr. Giltner has been a private investor since his retirement from Société Générale in 2010. Our Board of Directors has determined that Mr. Giltner meets the financial sophistication requirements of NASDAQ's listing standards. Mr. Giltner has served as a United Therapeutics director since 2009. *Mr. Giltner brings to our Board over twenty years of experience in the financial sector, including international financial markets, financial derivatives, alternative investments and asset management. As our business continues to grow and expand, our Board benefits from Mr. Giltner's global business and financial experience and his perspective as an institutional investor as well as his leadership experience in international finance from his service in various management roles at Société Générale.*

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R. Paul Gray	***Chairman*, Audit Committee**
Age 48	***Member*, Compensation Committee**
	Mr. Gray is currently the Managing Member of Core Concepts, LLC, a strategic and financial consulting firm, which he founded in 2002. From 1985 to 1999, Mr. Gray practiced as a Certified Public Accountant at Ernst & Young LLP, KPMG LLP and Beers & Cutler LLP. Mr. Gray has served as an officer for his clients and companies within Core Concepts' portfolio from time to time. Our Board of Directors has determined that Mr. Gray is an audit committee financial expert as defined under the rules and regulations of the Securities and Exchange Commission and meets the financial sophistication requirements of NASDAQ's listing standards. Mr. Gray currently serves on the boards of several public companies including Red Branch Technologies, Inc. (since 2006), Critical Solutions, Inc. (since 2009), and Biomimix, Inc. (since 2006). Mr. Gray also serves on the board of Nano Therapies, LLC. Mr. Gray served on the board of TenthGate, Inc., a public medical holding company, until December 2007 and served as a director of Earth Search Sciences, Inc., a publicly traded company, until May 2005. Mr. Gray has served as a United Therapeutics director since 2003.
	Mr. Gray brings to our Board over twenty years of experience as an accountant (Ernst & Young LLP, KPMG LLP and Beers & Cutler LLP) and entrepreneur (Core Concepts, LLC). Mr. Gray's roles as a director of various public and private companies (Red Branch Technologies, Inc., Critical Solutions, Inc., Biomimix, Inc., Nano Therapies, LLC, TenthGate, Inc.) provides him with experience on governance, financial reporting compliance, accounting, finance, business development and audit matters that is beneficial to our Board.

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Class III Directors Continuing in Office with Terms Ending in 2014

Raymond Dwek, F.R.S.
Age 70

***Chairman*, Scientific Committee**

Professor Dwek is a Fellow of the Royal Society, London, and has served as Director of the Glycobiology Institute and Professor of Glycobiology at the University of Oxford since 1988. He was President of the Institute of Biology (a professional organization) from 2008 through 2010. From 2000 to 2006, Professor Dwek served as head of the Department of Biochemistry at the University of Oxford. Professor Dwek has been serving in various positions at the University of Oxford since 1966. In 1988, Professor Dwek was the scientific founder of Oxford GlycoSciences PLC, which was publicly traded on the London Stock Exchange and NASDAQ, and he served as a member of its Board of Directors until its sale in 2003. He was the 2007 Kluge Chair of Technology and Society at the U.S. Library of Congress. Professor Dwek is the founder of glycobiology, the study of the structure, biosynthesis and biology of sugar chains attached to proteins. He has served as a United Therapeutics director since 2002.

Professor Dwek has extensive scientific experience as both head of the Department of Biochemistry at the University of Oxford, the world's largest biochemistry department, and as a biotechnology innovator at organizations such as the Glycobiology Institute and Oxford GlycoSciences PLC. In evaluating existing and potential new programs, our Board benefits from his scientific insight and experience in pharmaceutical research and development.

Roger Jeffs, Ph.D.
Age 50

Dr. Jeffs received his undergraduate degree in chemistry from Duke University and his Ph.D. in pharmacology from the University of North Carolina. Dr. Jeffs joined United Therapeutics in September 1998 as Director of Research, Development and Medical. Dr. Jeffs was promoted to Vice President of Research, Development and Medical in July 2000, and to his current position of President and Chief Operating Officer in April 2001. From 1993 to 1995, Dr. Jeffs worked at Burroughs Wellcome & Company where he was a member of the clinical research team that developed Flolan®, the first FDA-approved therapy for patients with pulmonary arterial hypertension. From 1995 to 1998, Dr. Jeffs worked at Amgen, Inc. where he served as the worldwide clinical leader of the Infectious Disease Program. Dr. Jeffs currently leads our global clinical, commercial, manufacturing and business development efforts. He has served as a United Therapeutics director since 2002.

As he is responsible for our global clinical, commercial and manufacturing operations, Dr. Jeffs manages the largest portion of our annual budget and headcount. Our Board benefits from Dr. Jeffs' thorough and real-time understanding of our company and knowledge of our existing business, risks and prospects. Dr. Jeffs also brings to the Board extensive experience in the biotechnology industry gained from his service at Burroughs Wellcome & Company and Amgen. In addition to managing critical areas of our business, Dr. Jeffs manages the majority of our senior managers and employees and offers valuable insights to our Board related to our infrastructure and growth strategy.

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Christopher Patusky, J.D., M.G.A.
Age 48

Vice Chairman of the Board
Lead Independent Director
***Chairman*, Nominating and Governance Committee**
***Member*, Audit Committee**

From August 2007 until July 2011, Professor Patusky served as Director, Office of Real Estate, for the Maryland Department of Transportation, where he was responsible for overseeing the Department's real estate matters statewide, including its transit-oriented development program. He continues to provide services to the Maryland Department of Transportation on real estate matters as an independent consultant. From 2002 until May 2007, Professor Patusky served as the Executive Director and a member of the faculty of the Fels Institute of Government at the University of Pennsylvania. From 1989 until 2000, Professor Patusky practiced law, focusing on litigation, intellectual property law and business startups. Our Board of Directors has determined that Professor Patusky meets the financial sophistication requirements of NASDAQ's listing standards. He has served as a United Therapeutics director since 2002.

Professor Patusky brings to our Board extensive governance experience from his former position as an administrator and faculty member at the Fels Institute of Government, which is the University of Pennsylvania's graduate program in public policy and public management, as well as legal experience from his prior career in private practice, which focused on litigation, intellectual property law, and business startups. Professor Patusky also brings to our Board familiarity with governmental regulation and relations between the government and the private sector due to his leadership experience in state government in the Maryland Department of Transportation. His responsibilities at the Fels Institute and the Maryland Department of Transportation have included significant budgetary management and oversight responsibilities.

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Tommy Thompson, J.D.
Age 70

***Member*, Audit Committee**

Before entering the private sector in 2005, Governor Thompson enjoyed a long and distinguished career in public service. As Secretary of Health and Human Services from 2001 to 2005, he was a leading advocate for the health and welfare of all Americans. He also served four terms as Governor of Wisconsin from 1987 to 2001. From 2005 until January 2012, Governor Thompson served as a partner at the law firm of Akin Gump Strauss Hauer & Feld LLP in Washington, D.C. From 2005 to 2009, he also served as the Independent Chairman of the Deloitte Center for Health Solutions, which researches and develops solutions to some of our nation's most pressing health care and public health related challenges. He also served as chairman of the board of directors of AGA Medical Holdings, Inc. from 2005 until November 2010, and is a member of the boards of directors of CareView Communications, Inc., Centene Corporation, C.R. Bard, Inc., Cytori Therapeutics, Inc. He previously served on the boards of directors of SpectraScience and CNS Response, Inc. (through December 2009), and X Shares Advisors (through March 2007). Our Board of Directors has determined that Mr. Thompson meets the financial sophistication requirements of NASDAQ's listing standards. Governor Thompson has served as a United Therapeutics director since 2010.

Governor Thompson brings to our Board experience in the healthcare industry, both as a public official (former Secretary of the U.S. Department of Health and Human Services) and in the private sector (Deloitte Center for Health Solutions), as well as public company board experience (AGA Medical Holdings, Inc., CareView Communications, Inc., Centene Corporation, C.R. Bard, Inc., SpectraScience, CNS Response, Inc., X Shares Advisors) and knowledge of legislative affairs. Governor Thompson's legal experience from his private practice at Akin Gump Strauss Hauer & Feld LLP also is useful in the Board's oversight of the Company's legal and regulatory compliance.

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BOARD OF DIRECTORS, COMMITTEES, CORPORATE GOVERNANCE

The Role of our Board: Risk Oversight

Our Board is responsible for overseeing the risks facing our company. Our Board works directly with our executive officers and other members of our senior management in carrying out its risk oversight function. Our directors take a proactive, interested and detailed approach to their service on our Board, and set expectations to promote our success through the achievement of business objectives while maintaining high standards of responsibility and ethics. At its regularly scheduled meetings, our Board receives reports from our Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer and General Counsel, and may also receive reports from the Committee Chairmen, outside consultants and other members of senior management, among others. These presentations often include identification and assessment of risks our company currently faces or may face in the future. Our Board is able to ask questions, discuss and provide guidance to management on the risks presented, as well as any risks that our Board identifies. Our senior management is responsible for assessing risk on a daily basis. Our Board expects that our senior management continually identifies, assesses and manages the short-term and long-term risks faced by our company. If members of our senior management identify risks that are material to our company, our Board may convene a special meeting to discuss, assess and address such risks.

Our Board implements its risk oversight function both as a whole and through delegation to various committees. These committees meet regularly and report back to the full Board. Our Audit Committee's responsibilities include general oversight of our company's practices with respect to risk assessment and risk management. Our Compensation Committee's duties include overseeing an assessment of the incentives and risks arising from or related to our compensation policies and practices, including but not limited to those applicable to executive officers, and to evaluate whether those incentives and risks are appropriate.

In April 2012, the Compensation Committee reviewed a risk assessment conducted by management and the Compensation Committee's independent compensation consultant, Towers Watson & Co., to determine whether the design of our employee compensation programs and the amounts and components of employee compensation might create incentives for excessive risk-taking by our employees. The Compensation Committee believes that our compensation programs encourage employees, including our executives, to remain focused on a balance of the short- and long-term operational and financial goals of our company, thereby reducing the potential for actions that involve an excessive level of risk. See the section entitled *Compensation Discussion and Analysis Executive Summary Summary of Compensation Governance Policies* for information regarding certain risk-mitigating features of our compensation program.

Board of Directors Leadership

Our Chief Executive Officer, who founded our company, serves as Chairman of our Board. Our Board believes that the combined role of Chairman and Chief Executive Officer currently is an appropriate leadership structure for our company. In this regard, having a combined Chairman and Chief Executive Officer provides an efficient and effective leadership model for a growing entrepreneurial company like ours, as it fosters clear accountability, effective decision-making, and alignment on corporate strategy. In addition, because our Board works closely with our executive officers and members of senior management, there is a natural synergy in the combined Chairman and Chief Executive Officer role that facilitates our Board's guidance of management.

The independent directors on our Board have designated a Lead Independent Director. Among other responsibilities, our Lead Independent Director coordinates the activities of our other independent directors, approves Board meeting schedules, agendas and information sent to our Board, chairs all meetings of the Board at which the Chairman is not present, including executive sessions of our independent directors, and serves as principal liaison between our independent directors and our Chairman and senior management. The Lead Independent Director also has the authority to call meetings of the independent directors and is available for consultation and communication with major shareholders, if requested. A more detailed description of the responsibilities of the Lead Independent Director is included in our Corporate Governance Guidelines, which are available on our website at *http://ir.unither.com/governance.cfm*.

Director Nominations and Diversity

The Nominating and Governance Committee of our Board does not have a formal policy with respect to considering director candidates or director diversity. Once the Nominating and Governance Committee identifies a potential director nominee, it screens the candidate, performs reference checks and conducts interviews with the assistance of our General Counsel. If the outcome of that process is favorable, the Nominating and Governance Committee may recommend the candidate to our Board for nomination.

The Nominating and Governance Committee considers candidates recommended by shareholders and evaluates them using the same criteria as it uses to evaluate all other candidates. The Nominating and Governance Committee seeks to recommend director candidates who will enhance the quality of our Board's deliberations and decisions, who will take their duties seriously and who will promote the values and ethics to which we subscribe.

A shareholder who wishes to recommend a prospective nominee for the Nominating and Governance Committee's consideration should submit the candidate's name and qualifications to our Corporate Secretary at the address set forth under *Shareholder Communications with Directors* below.

Minimum Criteria for Director Candidates

To be considered by the Nominating and Governance Committee, a director candidate must meet the following minimum criteria:

- Personal and professional integrity;
- A record of exceptional ability and judgment;
- Ability and willingness to participate fully and work constructively in Board activities, including active participation in meetings of our Board and its committees;
- Interest, capacity and willingness, in conjunction with the other members of our Board, to serve the interests of our shareholders;
- Reasonable knowledge of the fields of our operations, as well as familiarity with the principles of corporate governance;
- Expertise to serve on one or more committees of our Board; and
- Absence of any personal or professional relationships that would adversely affect his or her ability to serve our best interests and those of our shareholders.

Additional Qualities and Skills for Director Candidates

In addition, the Nominating and Governance Committee is interested in candidates who possess the following skills:

The ability to contribute to the variety of opinions, perspectives, personal and professional experiences and backgrounds, as well as other characteristics that differ among members of our Board;

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A desire to contribute positively to the existing tone and collaborative culture among our Board members; and

Professional and personal experiences and expertise relevant to achievement of our strategic objectives.

The Nominating and Governance Committee's evaluation of director nominees takes into account their ability to contribute these qualities and skills to the Board, and the Nominating and Governance Committee reviews its effectiveness in balancing these considerations when assessing the composition of the Board.

Director Independence

Our Board has determined that: (i) Christopher Causey, Richard Giltner, R. Paul Gray, Christopher Patusky, Louis Sullivan and Tommy Thompson are independent in accordance with the NASDAQ listing standards; (ii) Roger Jeffs and Martine Rothblatt are not independent, due to Dr. Jeffs' employment as our President and Chief Operating Officer and Dr. Rothblatt's employment as our Chief Executive Officer; (iii) Ray Kurzweil is not independent due to certain payments received in connection with the technical services agreements described in the section entitled *Certain Relationships and Related Transactions* below; (iv) Raymond Dwek is not independent due to certain transactions between United Therapeutics and the University of Oxford described in the section entitled *Certain Relationships and Related Transactions* below; and (v) R. Paul Gray, Christopher Patusky, Tommy Thompson and Richard Giltner meet the heightened independence standards for audit committee members set forth in rules promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act).

Prior to 2011, Professor Dwek was regarded as one of our independent directors. In 2011, our Board determined not to designate Professor Dwek as independent under the NASDAQ listing standards, after considering the transactions between United Therapeutics and the University of Oxford described in the section entitled *Certain Relationships and Related Transactions* below. Our Board believes that Professor Dwek brings significant and valuable independent insight to the Board, and does not believe that our relationship with Oxford University falls within any of the categorical prohibitions against a finding of independence under the NASDAQ listing standards. However, in an abundance of caution and in light of the continuing and increasing extent of our relationship with Oxford, the Board no longer designates him as an "independent director" within the meaning of the NASDAQ listing standards.

In determining that Governor Thompson is independent, the Board considered the fact that he is a former partner with the law firm Akin Gump Strauss Hauer & Feld LLP, which represented our company until 2005 (five years before Mr. Thompson joined our Board).

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Committees of our Board of Directors

Our Board has established four standing committees: an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Scientific Committee. The current composition of each committee is as follows:

	Audit	Compensation	Nominating and Governance	Scientific
Christopher Causey		Chair	ü	
Raymond Dwek*				Chair
Richard Giltner	ü		ü	
R. Paul Gray	Chair	ü		
Roger Jeffs**				
Ray Kurzweil*				ü
Christopher Patusky***	ü		Chair	
Martine Rothblatt**				
Louis Sullivan		ü	ü	ü
Tommy Thompson	ü			

* Non-Independent Director

** Management (Non-Independent) Director

*** Lead Independent Director

Audit Committee

The Audit Committee's responsibilities include:

- Representing and assisting our Board in its oversight responsibilities regarding our accounting and financial reporting processes, the audits of our financial statements, including the integrity of our financial statements, and the qualifications and independence of Ernst & Young, LLP, our independent registered public accounting firm;
- Retaining and terminating our independent auditors;
- Approving in advance all audit and non-audit services to be performed by our independent auditors; and
- Approving related party transactions (as defined under the rules of the Securities and Exchange Commission (SEC)).

For additional information regarding the processes and procedures used by the Audit Committee, see the section entitled *Report of the Audit Committee and Information on our Independent Auditors* below.

The Audit Committee's duties are outlined in its charter.

Compensation Committee

The Compensation Committee oversees our compensation plans and policies, reviews and approves compensation for our executive officers and administers our equity incentive and share tracking awards

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plans, including reviewing and approving grants of stock options and share tracking awards to our executive officers and employees. The Compensation Committee's responsibilities include:

- Creating a system for awarding long-term and short-term performance-oriented incentive compensation to attract and retain senior management, and reviewing our compensation plans to confirm that they are appropriate, competitive and properly reflect our goals and objectives; and

- Assisting our Board in discharging its responsibilities regarding compensation of our executive officers.

The Compensation Committee's charter provides that it may delegate responsibilities to subcommittees if it determines such a delegation would be in the best interest of the company. For additional information regarding the processes and procedures used by the Compensation Committee, see the section entitled *Compensation Discussion & Analysis* below.

The Compensation Committee's duties are outlined in its charter.

Independent Compensation Consultant

The Compensation Committee has the authority to engage advisors to assist it in carrying out its responsibilities. In accordance with this authority, the Compensation Committee directly engaged Compensia, Inc. (Compensia) as its compensation consultant to advise the Compensation Committee on our executive and non-employee director compensation practices and policies. Compensia served in this capacity from 2004 until early 2011, when our company hired the principal consultant on our engagement with Compensia to serve as our company's Executive Vice President of Organizational Development. In June 2011, the Compensation Committee retained Towers Watson & Co. ("Towers Watson") to serve as its independent compensation consultant. The Compensation Committee, in its discretion, may replace its independent compensation consultant or hire additional consultants at any time. We have determined that each of Compensia and Towers Watson, for their respective tenures in 2011 as consultant to the Compensation Committee, was independent because it did not provide any services to us other than providing advice with respect to executive and director compensation, and received compensation from us only for services it provided to or on behalf of the Compensation Committee.

The Compensation Committee engaged Compensia and Towers Watson to review and advise the Compensation Committee on all principal aspects of executive and non-employee director compensation. This included base salaries, cash incentive bonus awards, and long-term incentive bonus awards for our executive officers, and cash compensation and long-term incentive awards for non-employee directors. Compensia and/or Towers Watson performed the following tasks for the Compensation Committee in 2011, among others:

- Reviewing and advising on the structure of our compensation arrangements (i.e., base salary levels, cash incentive bonus award target levels and the size of long-term incentive bonus award targets) for our Chief Executive Officer and our other executive officers;

- Providing recommendations regarding the composition of our peer group;

- Analyzing publicly available proxy data of companies within our peer group and survey data relating to executive compensation;

- Conducting pay and performance analyses relative to our peer group;

- Updating the Compensation Committee on industry trends and best practices with respect to executive long-term incentive compensation program design, including types of long-term incentive compensation awards, size of long-term incentive compensation grants, and aggregate long-term incentive compensation grant usage;

- Evaluating our share tracking awards plans against our design/cost targets and against industry norms;

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- Assisting with the drafting of the *Compensation Discussion and Analysis* for our proxy statement;
- Advising the Compensation Committee in connection with its risk assessment relating to our compensation programs; and
- Working on special or ad-hoc projects for, or at the request of, the Compensation Committee as they arose.

In the course of fulfilling these responsibilities, Compensia and Towers Watson regularly communicated with the Compensation Committee Chairman outside of and prior to most Compensation Committee meetings. The Compensation Committee may invite its independent compensation consultant to attend its meetings. In 2011, the Compensation Committee's independent consultant attended three of the Compensation Committee's six meetings.

While the Compensation Committee considered its independent consultants' recommendations in 2011, the Compensation Committee's decisions, including the specific amounts paid to our executive officers and directors, were its own and may reflect factors and considerations in addition to the information and recommendations provided by its independent consultant.

Nominating and Governance Committee

In addition to the responsibilities described in the section entitled *Director Nominations and Diversity* above, the Nominating and Governance Committee's responsibilities include:

- Proposing nominees for election to our Board;
- Proposing nominees to fill vacancies on our Board and newly created directorships;
- Reviewing candidates for election to our Board recommended to us by our shareholders;
- Recommending committee membership and chairmen;
- Reviewing management succession plans;
- Developing, evaluating, recommending to our Board and monitoring all matters with respect to corporate governance; and
- Monitoring our compliance with legal and regulatory obligations.

The Nominating and Governance Committee's duties are outlined in its charter.

Scientific Committee

The Scientific Committee's responsibilities include:

- Providing strategic advice and making recommendations to our Board and management regarding our current and planned research and development programs;

- Advising our Board and management on the scientific merit of technology or products involved in licensing and acquisition opportunities; and

- Reviewing new developments, technologies, and trends in biopharmaceutical research and development.

Scientific Committee members with appropriate scientific expertise also serve as members of our Scientific Advisory Board and act as the Board's liaisons to our Scientific Advisory Board. Our Scientific Advisory Board is composed of scientists and physicians who meet periodically to discuss and evaluate potential opportunities for our company and guide our scientists as they work to develop new products and enhancements to our existing products. From time to time, our Chairman and Chief Executive Officer will ask Scientific Committee members to review technological developments that are strategically important or promising to our company.

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The Scientific Committee's duties are outlined in its charter.

Corporate Governance Guidelines and Committee Charters

At the recommendation of the Nominating and Governance Committee, the Board has adopted Corporate Governance Guidelines as a framework for the governance of our company. Our Corporate Governance Guidelines, along with the charter for each Board committee, is available electronically in the "Corporate Governance" section of the "Investor Relations" page of our website located at *http://ir.unither.com/governance.cfm*, or by writing to us at United Therapeutics Corporation, Attention: Corporate Secretary, 1040 Spring Street, Silver Spring, Maryland 20910, or by sending an e-mail to *corporatesecretary@unither.com.*

Stock Ownership Guidelines

In April 2011, on the joint recommendation of the Compensation Committee and the Nominating and Governance Committee, the Board adopted Stock Ownership Guidelines applicable to our directors and Named Executive Officers. Our Board adopted Stock Ownership Guidelines to further align the financial interests of our directors and Named Executive Officers with those of our shareholders, to foster a long-term management orientation, and to promote sound corporate governance. For non-employee members of our Board, our Stock Ownership Guidelines provide an ownership target equal to the lesser of 5,000 shares or five times the annual cash board retainer. Non-employee members of our Board are expected to achieve their Stock Ownership Guideline target within five years of becoming subject to these guidelines. Ownership targets for our Named Executive Officers (including those serving on the Board) are described below under *Compensation Discussion and Analysis Stock Ownership Guidelines.*

In determining ownership levels for each director under our Stock Ownership Guidelines, credit is provided for shares held outright, as well as the number of vested, but unexercised, stock options and share tracking awards. For purposes of vested, unexercised stock option and share tracking awards, shares will be calculated on an "as if exercised" basis, assuming a cashless exercise and net of taxes (using an assumed 35% tax rate). The guidelines provide procedures for granting exemptions in the case of severe financial hardship.

Meetings of our Board of Directors and Board Attendance at Annual Meetings of Shareholders

Our full Board held five meetings during 2011. In addition, during 2011, the Audit Committee held seven meetings, the Compensation Committee held six meetings, and the Nominating and Governance Committee held two meetings. Each of our directors attended more than 75% of the total number of meetings of our Board and the committees on which he or she served during 2011. In accordance with applicable NASDAQ listing standards, the independent members of our Board met without management present four times during 2011.

Although attendance is not mandatory, our Board encourages all of its members to attend the annual meeting of shareholders. Nine directors attended our 2011 annual meeting of shareholders.

Shareholder Communication with Directors

Shareholders are encouraged to address any director communications to our Corporate Secretary by overnight or certified mail, signature acceptance or return receipt required, at: United Therapeutics Corporation, Attention: Corporate Secretary, 1040 Spring Street, Silver Spring, Maryland 20910. Our Corporate Secretary has the authority to disregard or take other reasonable action with respect to any inappropriate shareholder communications. After confirming the stock ownership of the author of the communication, our Corporate Secretary will review the appropriateness of a shareholder communication based on the relevance of the communication to Board decisions. If deemed an appropriate communication, our Corporate Secretary will submit the shareholder communication to our Lead Independent Director. Shareholders will receive a written acknowledgement from our Corporate Secretary upon receipt of such written communication.

DIRECTOR COMPENSATION

Our non-employee director compensation program is comprised of three main elements:

- an annual cash retainer (payable quarterly) for service as a member of the Board;
- additional annual cash retainers (payable quarterly) for service on Board committees; and
- stock options or share tracking awards (in either case, granted initially upon joining the Board, and thereafter on an annual basis) for service as a member of the Board.

Directors may also be compensated for special assignments from our Board. In 2011, no such special assignments occurred that involved compensation to a director. Employee directors do not receive any compensation for service on our Board in addition to their regular compensation as employees.

The Compensation Committee and Nominating and Governance Committee review non-employee director compensation levels approximately once every two years, and final decisions with respect to any changes in director compensation levels are made by the Board upon the recommendation of the Compensation Committee and the Nominating and Governance Committee. In 2011, the Compensation Committee's independent consultant reviewed the market competitiveness of our non-employee director compensation program relative to our compensation peer group (as described in more detail below under *Compensation Discussion and Analysis Executive Compensation Framework Compensation Peer Group*). Based on this review, the Board approved increases in certain of our cash retainers, effective June 29, 2011, to bring our non-employee director cash compensation more in line with the median of our compensation peer group. We did not make any changes to share tracking award or stock option award levels.

The following table describes our compensation program for non-employee directors prior to and after June 29, 2011.

	Annual Cash (prior to June 29, 2011)	Annual Cash (effective June 29, 2011)	Stock Option or Share Tracking Awards(3)	
			Initial (#)	Annual (#)
Board Membership	$ 25,000	$ 50,000	20,000	15,000
Lead Independent Director(1)	$ 25,000	$ 35,000		
Committee Chairmanship(2):				
Audit Committee	$ 20,000	$ 25,000		
Compensation Committee	$ 15,000	$ 25,000		
Nominating and Governance Committee	$ 10,000	$ 15,000		
Scientific Committee	$ 15,000	$ 15,000		
Committee Membership(2):				
Audit Committee	$ 10,000	$ 15,000		
Compensation Committee	$ 7,500	$ 15,000		
Nominating and Governance Committee	$ 5,000	$ 7,500		
Scientific Committee	$ 7,500	$ 7,500		

(1) Compensation for service as Lead Independent Director is paid in addition to amounts paid for membership on our Board and for any committee chairmanship or membership.

(2) Committee chairmen receive the compensation indicated for committee chairmanship in lieu of the compensation for committee membership. Compensation for committee chairmanship and committee membership is paid in addition to amounts paid for membership on our Board.

(3) Annual awards are granted once per year on the date of the first meeting of our Board following our annual meeting of shareholders. As such, the next grant to non-employee members of our Board is expected to occur on June 26, 2012. Amounts shown were effective for the entirety of 2011.

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Our non-employee directors are eligible to receive stock options under the 1997 United Therapeutics Corporation Amended and Restated Equity Incentive Plan (EIP) and awards under the 2008 United Therapeutics Corporation Share Tracking Awards Plan and the 2011 United Therapeutics Corporation Share Tracking Awards Plan (collectively, the STAP). Non-employee directors' initial and annual stock option and STAP awards are granted with an exercise price equal to the closing price of our common stock as reported on the NASDAQ Global Select Market on the date of grant, or on the preceding trading day if the award is granted on a date when the NASDAQ is not open. Initial grants of stock options or STAP awards, consisting of the initial membership award and a pro-rated amount of the annual award for the remainder of the then-current term, are made on the date of a director's appointment or election to our Board, or on the preceding trading day if the award is granted on a date when the NASDAQ is not open. Annual awards of stock options or STAP awards are made on the date of the first meeting of our Board following our annual meeting of shareholders in the year of grant. Awards of stock options and STAP awards to our non-employee directors become fully vested on the one-year anniversary of the grant date only if the director attends at least 75% of the regularly scheduled meetings of our Board and his or her committee meetings from the date of grant until the date of our next annual meeting of shareholders.

The following table lists the compensation earned in 2011 by each non-employee director:

2011 Director Compensation

Name	Fees Earned or Paid in Cash(1)	Stock Option or STAP Awards(2)	All Other Compensation	Total
Christopher Causey	$ 65,000	$ 356,700	$	$ 421,700
Raymond Dwek	$ 66,250	$ 356,700	$	$ 422,950
Richard Giltner	$ 56,250	$ 356,700	$	$ 412,950
R. Paul Gray	$ 71,250	$ 356,700	$	$ 427,950
Ray Kurzweil	$ 41,250	$ 356,700	$	$ 397,950
Christopher Patusky	$ 92,500	$ 356,700	$	$ 449,200
Louis Sullivan	$ 62,500	$ 356,700	$	$ 419,200
Tommy Thompson	$ 45,000	$ 356,700	$	$ 401,700

(1) Includes annual cash retainer and fees for serving on our Board, the committees of our Board, as a committee chairman and as Lead Independent Director.

(2) Represents the aggregate grant date fair value of STAP awards granted to non-employee directors in 2011, computed in accordance with applicable accounting standards. For a discussion of the valuation assumptions for STAP awards, see Note 7 *Share Tracking Awards Plans* to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011.

On June 29, 2011, each of our non-employee directors was granted 15,000 STAP awards with an exercise price of $54.77 per share and a grant date fair value of $23.78 per share. No stock options were granted to our non-employee directors in 2011.

As of December 31, 2011, Mr. Causey had 70,500 stock options outstanding and 30,000 STAP awards outstanding, Prof. Dwek had 122,000 stock options outstanding and 30,000 STAP awards outstanding, Mr. Giltner had 92,500 stock options outstanding and 15,000 STAP awards outstanding, Mr. Gray had no stock options outstanding and 30,000 STAP awards outstanding, Mr. Kurzweil had no stock options outstanding and 35,766 STAP awards outstanding, Prof. Patusky had 91,000 stock options outstanding and 60,000 STAP awards outstanding, Dr. Sullivan had 102,000 stock options outstanding and 60,000 STAP awards outstanding and Mr. Thompson had 42,500 stock options outstanding and 15,000 STAP awards outstanding.

PROPOSAL NO. 2
ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION

We are asking our shareholders to vote on an advisory resolution to approve executive compensation as reported in this Proxy Statement. As described below in the *Compensation Discussion and Analysis*, the Compensation Committee has structured our executive compensation program to achieve the following primary objectives: (i) to attract and retain highly-competent Named Executive Officers capable of leading our company to the fulfillment of its business objectives and continued growth to augment shareholder value; (ii) to offer competitive compensation opportunities that reward individual contributions and corporate performance; (iii) to align the interests and compensation of our Named Executive Officers with the value created for shareholders through a strong pay-for-performance culture; and (iv) to incentivize our Named Executive Officers to consider the long-term as well as the short-term best interests of our company.

As described further under *Compensation Discussion and Analysis Executive Summary*, we feel strongly that our executive compensation programs have been well-designed to promote these objectives. In this regard, our 2011 executive compensation programs did not change significantly from our 2010 programs, which our shareholders overwhelmingly supported by voting 92.5% in favor of our first-ever advisory "say on pay" resolution at our 2011 annual meeting of shareholders.

We urge shareholders to read the *Compensation Discussion and Analysis* beginning on page 20 of this Proxy Statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the *Summary Compensation Table* and other related compensation tables and narrative, appearing on pages 37 through 49, which provide detailed information on the compensation of our Named Executive Officers. The Compensation Committee and our Board of Directors believe that the policies and procedures articulated in the *Compensation Discussion and Analysis* are effective in achieving our goals and that the compensation of our Named Executive Officers reported in this Proxy Statement has supported and contributed to both our recent and long-term success.

Based on the results of our 2011 shareholder advisory vote on the preferred frequency of holding future advisory votes on executive compensation, our Board of Directors has adopted a policy providing for an annual advisory resolution to approve executive compensation. In accordance with this policy and Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the Annual Meeting:

> **RESOLVED, that the shareholders of United Therapeutics Corporation (the "Company") approve, on an advisory basis, the compensation of the Company's Named Executive Officers disclosed in the *Compensation Discussion and Analysis*, the *Summary Compensation Table* and the related compensation tables, notes and narrative in the Proxy Statement for the Company's 2012 Annual Meeting of Shareholders.**

This advisory resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on our Board of Directors. Although non-binding, our Board and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program. Unless our Board modifies its policy on the frequency of future "say-on-pay" advisory votes, the next "say-on-pay" advisory vote will be held at our 2013 annual meeting of shareholders.

OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR"
THE ADVISORY RESOLUTION TO APPROVE EXECUTIVE COMPENSATION.

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COMPENSATION DISCUSSION AND ANALYSIS

This *Compensation Discussion and Analysis* describes compensation objectives and policies set by our Compensation Committee for our Named Executive Officers, including executive pay decisions and processes and all elements of our executive compensation program. In this *Compensation Discussion and Analysis*, the term "Compensation Committee" refers to the Compensation Committee of the Board of Directors, and the terms "we" and "our" refer to United Therapeutics.

Our Named Executive Officers in 2011 consisted of the following four individuals:

Martine Rothblatt, Ph.D.	Chief Executive Officer
John Ferrari	Chief Financial Officer and Treasurer
Roger Jeffs, Ph.D.	President and Chief Operating Officer
Paul Mahon, J.D.	Executive Vice President and General Counsel

Executive Summary

2011 in Review

2011 was another successful year for United Therapeutics. We achieved record revenues of $743.2 million, record net income of $217.9 million, and record earnings before non-cash charges(1) of $363.3 million. We are successfully managing the commercial sale of three FDA-approved medicines, and our new drug application for treprostinil diethanolamine (oral treprostinil) has been accepted for review by the FDA. In addition, we have an exciting pipeline of investigative products at all stages of the development cycle, plus clinical trials expected to further enhance our treprostinil-based franchise.

Notably, 2011 marks our *tenth* consecutive year of at least 25% revenue growth, and our stock price has achieved cumulative growth of more than 800% over the past ten years. In addition, we have the second-highest revenue per employee of our peer group (which represents the top 25 companies in the NASDAQ Biotech Index, ranked by market capitalization, that are U.S.-based or based in jurisdictions with similar compensation disclosure requirements as in the United States). None of this exceptional performance would have been possible without the efforts of our Board of Directors and employees, including our Named Executive Officers. The graphs below illustrate our financial and stock price performance over the last 10 years.

**United Therapeutics Stock Price Performance vs. NASDAQ Biotech Index
(2002 - 2011)**

(1) Earnings before non-cash charges is a non-GAAP financial measure defined as net income, adjusted for the following non-cash charges, as applicable: (1) interest; (2) income taxes;

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(3) license fees; (4) depreciation and amortization; (5) impairment charges; and (6) share-based compensation (stock option and share tracking award expense). In the past, we have also referred to this figure as "EBITDASO". A reconciliation of earnings before non-cash charges to the most directly comparable GAAP financial measure for each of the fiscal years shown in the table below as well as an explanation of how our management uses earnings before non-cash charges is set forth in Annex A to this Proxy Statement.

United Therapeutics 10-Year Performance
Revenue and Earnings Before Non-Cash Charges ($ Millions)

Impact of 2011 Advisory Resolution on Executive Compensation

In June 2011, our shareholders voted on a non-binding advisory resolution to approve executive compensation, commonly referred to as a "say on pay" vote, at our 2011 annual meeting of shareholders. Our shareholders overwhelmingly approved our "say on pay" resolution, with 92.5% of shares present (in person or by proxy) voted in favor.

The Compensation Committee considered the results of the 2011 "say on pay" vote and also considered many other factors in evaluating our executive compensation policies and practices throughout 2011, as discussed in this *Compensation Discussion and Analysis*. In light of the strong support our shareholders expressed for the compensation of our Named Executive Officers, the Compensation Committee did not make any changes to our executive compensation program and policies as a result of the 2011 "say on pay" vote and determined to maintain our general approach to executive compensation, described in more detail below, which emphasizes incentive compensation that rewards our Named Executive Officers when they deliver value for our shareholders.

Overview of our Executive Compensation Program

We believe that we have an exceptional leadership team whose efforts are among the principal reasons we have consistently generated industry-leading performance over the past ten years in terms of revenue growth and average stock price increase. We further believe it is critical to our future success that we retain and reward our leadership team in a manner that reinforces our strong pay-for-performance philosophy. In other words, the compensation realized by our leadership team, including our Named Executive Officers, should reflect our financial and operational performance and the value realized by our shareholders. This principle is reflected in the composition of the average target total direct compensation for our Named Executive officers in 2011, which, as in years' prior,

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included a greater proportion of performance-based pay and less guaranteed pay than the executives in our peer group, as illustrated below:

United Therapeutics Compensation Mix vs. Peers

(1)

Target total direct compensation is defined as the sum of base salary, cash incentive bonus opportunity, and the grant date fair value of long-term incentive awards, in each case for 2011. For United Therapeutics, a target long-term incentive award has been used, to reflect historical payout levels, as follows: CEO 250,000 stock options; other Named Executive Officers 60% of long-term incentive opportunity. For purposes of this chart, guaranteed pay includes base salary and time-based vesting restricted stock (note that we do not issue time-based restricted stock). Performance-based pay includes stock options, share tracking awards, cash incentive bonuses and other forms of performance-based equity or long-term incentives awarded by companies in our peer group.

The key features of our executive compensation program, which are designed to support the objectives discussed below at *Executive Compensation Framework Compensation Program Objectives*, are summarized below:

Pay Program Elements. We provide our Named Executive Officers with annual compensation comprised of base salary, cash incentive bonus and long-term incentives. We also offer health and retirement benefits, limited perquisites and severance and change in control arrangements.

Competitive Positioning. Generally, for 2011 we targeted total direct compensation (defined as base salary, cash incentive bonus target, and long-term incentive bonus target) at or above the 75th percentile of our peer group. We believe this benchmark target is appropriate in light of our strong pay-for-performance compensation structure, where a significantly larger portion of Named Executive Officers' compensation on average is performance-based, when compared to our peer group. Individual compensation targets and actual compensation paid may vary based on the Compensation Committee's assessment of corporate performance and each Named Executive Officer's individual performance. For details regarding the composition of our peer group, see the section below entitled *Compensation Peer Group.*

Cash Incentive Bonus Program. For the 2011 performance period, we paid cash incentive awards to our Named Executive Officers based principally on the achievement of pre-established corporate goals under our Company-Wide Milestone Program, which is discussed below at *Cash Incentive Bonus Program 2011 Milestones*.

CEO Long-Term Incentive Compensation. Our CEO is eligible to receive long-term incentive compensation annually in the form of performance-based stock options, under a

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pay-for-performance formula contained in her employment agreement, which bases the number of stock options awarded (if any) on the increase in our market capitalization during the year. Under this formula, our stock price must increase in order for our CEO to receive any stock options; then, the stock price must increase further for our CEO to realize any economic benefit from those stock options. This pay-for-performance formula, and the fact that long-term incentive compensation is a substantial part of our CEO's total compensation, are the key reasons why our CEO's total compensation is closely aligned with total shareholder return, as illustrated by the chart below:

5-Year CEO Actual Total Direct Compensation(1) vs. United Therapeutics Total Shareholder Return(2)

(1) Actual total direct compensation is defined as the sum of base salary, cash incentive bonus earned, and the grant date fair value of long-term incentive awards.

(2) Indexed total shareholder return is equal to United Therapeutics' stock price as of the end of each year as a percentage of the starting point of December 31, 2006.

Other Named Executive Officers' Long-Term Incentive Compensation. Long-term incentive compensation for our other Named Executive Officers is paid in the form of cash-settled STAP awards, based principally on company performance (including Milestone attainment), plus an assessment of individual performance. Like stock options, STAP awards only provide value to a recipient if our stock price increases between the grant date and the exercise date.

2011 Compensation Decisions and Pay-for-Performance Alignment

As a result of our strong financial and operational performance in 2011, 86% achievement of the goals in our Company-Wide Milestone Program and each Named Executive Officer's performance during the year, our Compensation Committee made the following compensation decisions:

- Payout of cash incentive bonuses for 2011 equal to 86% of the respective cash incentive bonus target for each Named Executive Officer; and

- Grants of STAP awards for performance in 2011 to each Named Executive Officer (other than Dr. Rothblatt) equal to 86% of their respective long-term incentive award targets.

Because our market capitalization declined in 2011, Dr. Rothblatt did not receive any performance stock options in 2011, based on the formula set forth in her employment agreement.

In addition, based in part on strong company performance during 2010, the Compensation Committee approved 4% increases in 2011 base salary for each Named Executive Officer. Cash bonus

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incentive targets, as a percentage of base salary, remained generally the same as 2010, other than slight adjustments made in connection with a transition to setting Named Executive Officer cash bonus targets on a percent of salary basis, rather than as a fixed dollar amount.

As a result of these actions, actual total direct compensation (defined as base salary, plus cash incentive bonus earned, plus the grant date fair value of long-term incentive awards granted) was below the 25^{th} percentile of our peer group for our Chief Executive Officer and above the 75^{th} percentile for our other Named Executive Officers. Our Compensation Committee believes this was appropriate given the pay-for-performance design of our compensation arrangements, where a significantly larger portion of Named Executive Officers' compensation on average is performance-based, when compared to our peer group, and our track record of extraordinary performance against our internal goals and relative to our peers. For example, in 2011, our growth in revenues, net income, net income per employee and revenue per employee each approximated or exceeded the 70^{th} percentile of our peer group.

Summary of Compensation Governance Policies

Our Compensation Committee and Board of Directors have taken the following steps to further enhance the governance of our executive compensation program:

Stock Ownership Guidelines. Our Board has adopted Stock Ownership Guidelines applicable to our directors and Named Executive Officers. For details, see the section above entitled *Board of Directors, Committees, Corporate Governance Stock Ownership Guidelines* and the section below entitled *Other Executive Compensation Policies and Practices Stock Ownership Guidelines.*

Stock Option / STAP Repricing Policy. Our Board has adopted a policy against repricing or exchanging underwater stock options and STAP awards without shareholder approval. For details, see the section below entitled *Other Executive Compensation Policies and Practices Policy Against Repricing Without Shareholder Approval*.

Compensation Recovery Policy. Our Board has the authority, to the extent permitted by governing law, to make retroactive adjustments to any cash-, stock option- or STAP award-based incentive compensation paid to our Named Executive Officers and certain other senior managers where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement.

Prohibition Against Hedging. Pursuant to our insider trading policy, directors, officers and employees are prohibited from, among other things, purchasing our securities on margin, engaging in "short" sales of our common stock, or buying or selling puts, calls, futures contracts or other forms of derivative securities relating to our securities.

Independent Consultant. Our Compensation Committee has consistently retained nationally-recognized executive compensation consulting firms since 2004 to advise it on compensation matters relating to our Named Executive Officers. For details, see the section above entitled *Board of Directors, Committees, Corporate Governance Independent Compensation Consultant*.

Executive Sessions. Our Compensation Committee regularly meets in executive session without members of management present.

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Executive Compensation Framework

Compensation Program Objectives

Our executive compensation program is designed to achieve four primary objectives:

Pay for Performance. Structure compensation programs to emphasize variable, performance-based elements so that realized compensation is aligned with corporate performance (both financial and non-financial), stock price performance and individual performance, based on achievement of performance goals established by the Compensation Committee.

Shareholder Alignment. Align the interests and compensation of our Named Executive Officers with the value created for shareholders through equity-oriented incentives and stock ownership guidelines.

Balance Short-Term and Long-Term Perspectives. Encourage our Named Executive Officers to consider the long-term as well as the short-term best interests of our company.

Market Competitiveness. Offer competitive compensation opportunities that facilitate the attraction and retention of highly competent executive officers capable of leading our company to the fulfillment of its business objectives and growth in shareholder value.

We accomplish these objectives through five primary compensation elements, as summarized in the table below:

	Objective			
Compensation Element	**Pay for Performance**	**Shareholder Alignment**	**Balance Short- and Long-Term Perspectives**	**Market Competitiveness**
Base Salary				ü
Cash Incentive Bonus	ü	ü	ü	ü
Long-Term Incentives (Stock Options/STAP Awards)	ü	ü	ü	ü
Benefits/Perquisites				ü
Supplemental Executive Retirement Plan (SERP)			ü	ü
Severance/Change-of-Control Benefits			ü	ü

Compensation Peer Group

Our Compensation Committee annually examines Named Executive Officer compensation levels relative to a peer group of industry and labor market competitors. In past years, the Compensation Committee considered both a Similarly Situated Peer Group (which included biopharmaceutical and biotechnology companies that are labor market competitors for executive talent and are in a similar range with our company with respect to several metrics, principally revenue and market capitalization) and High Performing Peer Group (which included biopharmaceutical and biotechnology companies, regardless of size, deemed by the Compensation Committee to be industry leaders, as measured by financial performance, shareholder value creation and drug development and commercialization). For 2011, the Compensation Committee consolidated the two peer groups into a single peer group comprised of the top 25 companies, ranked by market capitalization, in the NASDAQ Biotech Index (which we refer to throughout this *Compensation Discussion and Analysis* as the "peer group"). The decision to transition to a single peer group was based on our continued growth in revenue and market capitalization relative to the top 25 companies in the NASDAQ Biotech Index. Only companies that are U.S.-based or based in jurisdictions with similar compensation disclosure requirements as U.S. companies were selected for the peer group. The peer group includes biopharmaceutical and

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biotechnology companies deemed by the Compensation Committee to be industry leaders, as measured by financial performance, shareholder value creation and drug development and commercialization, and labor market competitors for executive talent.

The peer group includes the following companies: Alexion Pharmaceuticals, Inc., Amgen, Inc., Amylin Pharmaceuticals, Inc., BioMarin Pharmaceutical Inc., Biogen Idec Inc., Celgene Corporation, Cephalon, Inc., Dendreon Corporation, Endo Pharmaceuticals, Gen-Probe Inc., Genzyme Corporation, Gilead Sciences, Inc., Human Genome Sciences, Inc., Illumina, Inc., Life Technologies Corp., Mylan Inc., Myriad Genetics, Inc., Onyx Pharmaceuticals, Inc., Perrigo Company, Regeneron Pharmaceuticals, Inc., Salix Pharmaceuticals, Ltd., Talecris Biotherapeutics, Inc., Techne Corporation, Vertex Pharmaceuticals Inc. and Warner Chilcott Ltd.

The profile for our peer group, as compared to our company, is summarized in the table below (dollars in millions):

Metric	United Therapeutics		Peer Group
2011 Revenue	$743	Range:	$131 to $15,582
		Median:	$920
2011 Year-End Market Capitalization	$2,572	Range:	$1,116 to $54,545
		Median:	$4,045
2011 Year-End Employee Size	543	Range:	420 to 18,000
		Median:	1,852

The Compensation Committee considered pay program design and individual executive compensation data based on the public filings of our peer group in the fall of 2010. This information served as an important factor for the 2011 compensation decisions for our Named Executive Officers described below.

Competitive Pay Positioning

The Compensation Committee evaluates our Named Executive Officers' pay competitiveness on a target total direct compensation basis. In setting 2011 compensation levels, the Compensation Committee generally sought to set Named Executive Officer target total direct compensation at or above the 75th percentile of our peer group. Target total direct compensation includes annual base salary, target cash incentive bonus at 100% of opportunity and long-term incentive bonus compensation at either 250,000 stock options (in the case of our Chief Executive Officer) or 60% of opportunity (in the case of our other Named Executive Officers). The Compensation Committee targeted at or above the 75th percentile of the peer group in order to provide highly competitive compensation to retain what it believes is an exceptional management team and in recognition of our long track record of performing at or near the top of the biotech industry. Individual compensation targets and actual compensation delivered may vary based on the Compensation Committee's assessment of corporate performance and each Named Executive Officer's individual performance. We believe these benchmark targets are particularly appropriate in light of our strong pay-for-performance compensation structure, where a significantly larger portion of Named Executive Officers' compensation on average is performance-based, when compared to our peer group (as shown in the chart above under *Overview of our Executive Compensation Program*).

Tally Sheets

The Compensation Committee periodically reviews tally sheets for our Named Executive Officers and utilizes them, along with peer group compensation and performance analyses, in making its compensation decisions. These tally sheets assign dollar amounts to each component of compensation for our Named Executive Officers, including target total direct compensation, outstanding long-term incentive awards, benefits, perquisites and potential change in control severance payments. Tally sheets are not used in any formulaic manner to dictate pay decisions, but rather are used to educate and inform the Compensation Committee regarding the potential value of existing compensation arrangements. The Compensation Committee reviewed tally sheets to prepare for its 2011 decisions regarding compensation for our Named Executive Officers.

Other Factors Affecting Compensation Decisions

In addition to benchmarking and tally sheets, the Compensation Committee also takes into account the financial performance of our company as well as a variety of other factors, including, among other things, independent analyst reports, changes in the price of our common stock and individual achievements (such as management efforts resulting in successful clinical trial results). Based on this information, the Compensation Committee may make individual adjustments to our Named Executive Officers' compensation accordingly. In addition, the Compensation Committee takes into account the input of our Chief Executive Officer in determining the compensation levels for the Named Executive Officers other than the Chief Executive Officer.

Review of 2011 Executive Compensation

Summary of 2011 Compensation

The components of our Named Executive Officers' target total direct compensation are base salary and variable compensation, including cash incentive bonus compensation and long-term incentive bonus compensation. The following table shows our Named Executive Officers' base salaries and target variable compensation for 2011 and the amount of any increase of such compensation over 2010. The basis for the Compensation Committee's decisions with respect to each of these components for 2011 is discussed in greater detail below.

Summary 2011 Target Total Direct Compensation

Executive Officer	2011 Base Salary	% Increase Over 2010 Base Salary	2011 Cash Incentive Bonus Target as % of Base Salary	Change in Cash Incentive Bonus Target %(1)	2011 Long-Term Incentive Bonus Target(#)(2)	% Increase over 2010 Long-Term Incentive Bonus Target
Martine Rothblatt	$ 936,000	4%	100%	0%	n/a(3)	n/a(3)
John Ferrari	$ 457,600	4%	60%	3%	125,000	0%
Roger Jeffs	$ 759,200	4%	75%	0%	175,000	0%
Paul Mahon	$ 660,400	4%	60%	1%	125,000	0%

(1) Represents the difference in cash incentive bonus target as a percentage of salary, between 2010 and 2011.

(2) The long-term incentive bonus opportunity represents the total number of STAP awards for our Named Executive Officers, other than Dr. Rothblatt, that can potentially be granted based on 2011 performance.

(3) Long-term incentive bonus awards for Dr. Rothblatt, if any, are determined at the end of each calendar year in accordance with a formula set forth in her employment agreement, which takes into account the rise, if any, in our market capitalization each year based on the average closing price of our common stock for the month of December. For a description of Dr. Rothblatt's long-term incentive bonus award opportunity, see the narrative under the section entitled *Named Executive Officer Employment Agreements Dr. Rothblatt* following the *Grants of Plan-Based Awards in 2011* table below.

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Base Salary

Base salary is the primary fixed element of the compensation packages for our Named Executive Officers. The Compensation Committee reviews and establishes base salary levels for our Named Executive Officers each year taking into consideration one or more of the following four factors, depending on the circumstances: (i) a subjective evaluation of individual performance, including contribution to the advancement of corporate objectives, impact on financial results, and strategic accomplishments; (ii) our overall performance, financial condition and prospects; (iii) the annual compensation received by executives holding comparable positions at our peers as described in the section entitled *Executive Compensation Framework* above; and (iv) our annual company-wide budget for salary increases.

In February 2011, the Compensation Committee approved the base salaries for our Named Executive Officers listed in the *Summary 2011 Target Total Direct Compensation* table above. Each Named Executive Officer's salary was increased by 4%, consistent with our company-wide budget for salary increases.

Cash Incentive Bonus Program

All of our Named Executive Officers participate in our Company-Wide Milestone Incentive Bonus Program, which in 2011 provided annual cash incentive awards based on the achievement of pre-established goals.

Cash Incentive Bonus Targets

Each year, the Compensation Committee establishes cash incentive bonus targets for each of our Named Executive Officers, taking into consideration the same factors as it uses to determine base salaries (other than the company-wide budget for salary increases). In the past, cash incentive bonus targets have been established as a dollar target. For 2011, the Compensation Committee established cash incentive bonus targets for our Named Executive Officers as a percentage of base salary, as shown in the *Summary 2011 Target Total Direct Compensation* table above. Under the Company-Wide Milestone Incentive Bonus Program, these target amounts also represent the maximum potential payout and there is no threshold performance level; Named Executive Officers can earn between 0 and 100% of their respective cash incentive bonus target, based on achievement of the Milestones (performance goals). The Compensation Committee's independent consultant advised that setting cash incentive targets as a percentage of salary, rather than a fixed dollar amount, is consistent with the practice of our peer group. It is also consistent with how we set cash incentive targets for all of our other employees. For the 2011 performance period, we began measuring performance and paying cash incentive awards on an annual basis, whereas for years 2010 and prior we paid awards on a semi-annual basis. This change was also implemented to align our practice with that of our peer group.

Cash incentive bonus opportunities, as a percentage of base salary, remained generally unchanged for 2011. The Compensation Committee nominally increased Mr. Ferrari's and Mr. Mahon's target opportunity as part of the transition to setting cash incentive bonus targets as a percentage of base salary.

2011 Milestones

The Milestones (or performance goals) are generally intended to create company-wide incentives relating to significant corporate objectives, such as (a) financial performance and growth, (b) research and development programs, manufacturing capabilities and other operational metrics and goals, and (c) ethical conduct. The Compensation Committee, in its discretion, may amend our Company-Wide Milestones and weightings from time to time, to reflect core performance measures for the success of our business and to set goals that translate most directly into short-, medium- and long-term value

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growth. The Milestone performance targets are difficult to meet, and require significant leadership and execution on the part of our Named Executive Officers. Based on these factors, the Compensation Committee established the following Company-Wide Milestones and weightings for 2011:

2011 Company-Wide Milestone	**Percentage of Award Opportunity**
Milestone 1 **Cash Profits:** Greater than 30% annual growth in Earnings Before Non-Cash Charges, excluding one-time business development events such as new product licenses, acquisitions, project cancellations and royalty buy-outs.	Up to 25%
Milestone 2 **Financial Growth:** Superior financial growth as evidenced by growing the number of patient prescriptions by 50% over annual measurement periods.	Up to 20%
Milestone 3 **Manufacturing:** Adequate manufacturing capabilities, evidenced by a three-year supply of FDA-approved drug product.	Up to 20%
Milestone 4 **Research & Development:** Conduct of insightful clinical trials as evidenced by a score of up to 20 points, measured as follows: each Phase 3 study unblinded with statistical significance and each regulatory approval will earn 5 points, and each Phase 2 and Phase 3 study that is enrolling patients will earn 1 and 4 points, respectively.	Up to 20%
Milestone 5 **Ethics:** Ethical conduct, evidenced by the absence of any material adverse proceedings involving compliance issues of an ethical nature and positive compliance survey data indicating that at least 60% of pulmonary arterial hypertension (PAH) prescribers rate United Therapeutics' FDA compliance as 'high' or 'very high.	Up to 15%

Under the terms of the Company-Wide Milestone Program, the Compensation Committee has the authority to award partial credit under any of the Milestones.

For 2011, the Compensation Committee determined that 86% of the Milestones were achieved, in accordance with the following analysis:

Milestone	**Performance**	**Goal Achievement % (A)**	**Weighting (B)**	**% of Award Earned (A × B)**
1	2011 Earnings Before Non-Cash Charges increased by 18.3%	61%	25%	15%
2	Number of patient prescriptions in 2011 increased by 40.5% over 2010	80%	20%	16%
3	Maintained greater than three-year inventory of all strengths of Remodulin and Tyvaso	100%	20%	20%
4	One Phase 3 study unblinded with statistical significance; three other Phase 3 studies and five Phase 2 studies were enrolling patients	100%	20%	20%
5	No material adverse regulatory proceedings involving compliance issues of an ethical nature during 2011, and more than 60% of PAH prescribers rated FDA compliance as "high" or "very high"	100%	15%	15%
			Total	**86%**

For Milestones #1 and #2, the Compensation Committee determined that it was appropriate to award partial credit equal to the portion of the performance target actually achieved.

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Accordingly, cash incentive bonus awards earned by our Named Executive Officers and approved by the Compensation Committee for 2011 were as follows:

Executive Officer	2011 Base Salary (A)	2011 Cash Incentive Bonus Target as % of Base Salary (B)	2011 Milestone Attainment (C)	Total Cash Incentive Bonus Earned (A × B × C)
Martine Rothblatt	$ 936,000	100%	86%	$ 804,960
John Ferrari	$ 457,600	60%	86%	$ 236,122
Roger Jeffs	$ 759,200	75%	86%	$ 489,684
Paul Mahon	$ 660,400	60%	86%	$ 340,766

Long-Term Incentive Compensation

Our long-term incentive compensation program is structured to support our pay-for-performance and shareholder alignment objectives. We currently award performance stock options to Dr. Rothblatt and STAP awards to our other Named Executive Officers (collectively, long-term incentive awards). These long-term incentive awards provide value to our Named Executive Officers only if our stock price increases from the date of grant (which benefits all shareholders), and only if each of our Named Executive Officers remains with our company until his or her awards vest or, in case of Dr. Rothblatt, until her awards are exercised.

The Compensation Committee believes it is appropriate to consider, but not emphasize, the fair value of the long-term target opportunity because the meaningful incentive in long-term incentive compensation for our Named Executive Officers lies not in the accounting values of performance-based stock options and STAP awards but rather in the potential for appreciation in our stock price. In this regard, while we report the grant date fair values of our performance stock options and STAP awards used for financial reporting purposes in the *Summary Compensation Table* and *Grants of Plan-Based Awards in 2011* table below, our Named Executive Officers may never realize these amounts. Our Named Executive Officers realize compensation from their stock options and STAP awards only to the extent they have the opportunity to exercise such grants at a time when the price of our common stock exceeds the awards' exercise prices. To illustrate the strong pay-for-performance philosophy underlying our long-term incentive compensation practices, it is worth noting that due to our stock price decline in 2011 most of the performance stock options and STAP awards granted to our Named Executive Officers during 2009-2011 (including all performance stock options granted to Dr. Rothblatt during this period), which are reflected in the *Summary Compensation Table* below, had an exercise price exceeding the market price of our common stock as of December 31, 2011.

Incentive STAP awards, which are granted to our Named Executive Officers other than Dr. Rothblatt, convey the right to receive an amount in cash equal to the positive difference between the exercise price (which equals the closing price of one share of our common stock on the date of grant) and the closing price of one share of our common stock on the date of exercise. The purpose of the STAP is to mimic the economic features of traditional stock options, thereby linking the interests and rewards of our Named Executive Officers and other STAP participants to those of our shareholders, but they are settled in cash without the issuance of shares of stock. Since November 2009, STAP awards granted to our Named Executive Officers partially vest in one-fourth increments on each of the first four anniversaries of the grant date. STAP awards generally expire within 10 years from the date of grant, subject to earlier expiration upon termination of employment with us. For the 2011 performance period, we began granting these awards on an annual basis, whereas for years 2010 and prior we granted awards on a semi-annual basis. The change in our grant frequency was implemented to align our practice with that of our peer group. Our other Named Executive Officers received a STAP award in March 2011, relating to performance for the second half of 2010, and a STAP award in March 2012, relating to performance during the full year 2011.

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Long-term incentive awards for Dr. Rothblatt are granted, if earned, at the end of the year under the terms set forth in her employment agreement.

Dr. Rothblatt Long-Term Incentive Award (Performance-Based Stock Option Award)

In accordance with the terms of her employment agreement, Dr. Rothblatt is eligible to receive an annual award of performance-based stock options under our EIP to purchase the number of shares of our common stock that is equal to one-eighteenth of one percent of the increase in our market capitalization each year based on the average closing price of our common stock for the month of December. The exercise price of such stock options, if any, is equal to or greater than the closing price of one share of our common stock on December 31st of each year. Prior to grant, the Compensation Committee, with Dr. Rothblatt's consent, may reduce the number of stock options awarded under this contractual formula. These stock options, if any, are granted on December 31st of each year and are fully exercisable on the date of grant.

The Compensation Committee believes that the structure of Dr. Rothblatt's long-term incentive compensation is well-designed to pay for performance and align Dr. Rothblatt's interests with those of our shareholders. In calendar years in which our market capitalization increases, Dr. Rothblatt receives long-term incentive bonus compensation in proportion to the increase; however, because the exercise price of these options is the closing stock price on the date of grant, our stock price must increase further in order for Dr. Rothblatt to recognize any value from these stock options. In calendar years in which our market capitalization does not increase, Dr. Rothblatt receives no long-term incentive award under her employment agreement, and her outstanding stock options typically do not increase in value.

For 2011, based on the formula set forth in her employment agreement, Dr. Rothblatt was not awarded any stock options because of the decline in our market capitalization in December 2011 compared to December 2010.

Mr. Ferrari, Dr. Jeffs and Mr. Mahon Long-Term Incentive Bonus (Performance-Based STAP Awards)

The long-term incentive targets for Mr. Ferrari, Dr. Jeffs and Mr. Mahon are set by the Compensation Committee each year. The Compensation Committee does not have a set benchmark or formula for setting the long-term incentive award target for these individuals. It reviews and establishes long-term incentive target opportunities based on several factors, including: (i) the fair value of the long-term target opportunity in relation to our peer group (i.e., at or above the 75th percentile of our peer group); (ii) past grant levels; (iii) individual and company performance; and (iv) the potential gain to be realized from these awards based on the appreciation in the price of our common stock.

The 2011 long-term incentive targets are shown in the *Summary 2011 Target Total Direct Compensation* table above, are unchanged from 2010 and represent the maximum potential long-term incentive award each Named Executive Officer can receive in relation to 2011 performance. The Committee approves actual awards annually taking into consideration: (i) our overall performance, financial condition and prospects, including accomplishments under our Company-Wide Milestone Incentive Bonus Program; and (ii) a subjective evaluation of individual performance, including contribution to the advancement of corporate objectives, impact on financial results, and strategic accomplishments.

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For the 2011 performance year, the Compensation Committee approved STAP awards to Mr. Ferrari, Dr. Jeffs and Mr. Mahon that were granted on March 15, 2012. Each award was equal to 86% of the individual's target as shown below:

	2011 Long-Term Incentive Award (Granted on March 15, 2012)		
Executive Officer	**Long-Term Incentive Award Opportunity (#) (A)**	**Earned Award as % of 2011 Long-Term Incentive Target (B)**	**Long-Term Incentive Award Earned (#) (A × B)**
John Ferrari	125,000	86%	107,500
Roger Jeffs	175,000	86%	150,500
Paul Mahon	125,000	86%	107,500

In determining the number of STAP awards earned, the Compensation Committee considered the company's overall performance, placing heavy weight on the attainment of 86% of the Company-Wide Milestones for 2011. It also conducted a subjective review of individual performance, and determined that each Named Executive Officer's efforts played a major role in the company's 86% Milestone achievement level and therefore awarded them each 86% of their long-term incentive target. In particular, Mr. Ferrari's management of the accounting and financial functions led to continued achievement of unqualified audit opinions, as well as excellent control over expenses, which helped us achieve net income and net income per employee at or above the 70th percentile of our peer group. He also managed a successful convertible debt offering and share repurchase. Dr. Jeffs' management of our salesforce was critical to achieving record revenues. He also managed the completion of two pivotal Phase 3 trials of oral treprostinil, including one that met its primary endpoint with statistical significance, rapidly completed the filing of a new drug application with the FDA for approval of oral treprostinil, and began preparation for additional oral treprostinil studies. His management of our manufacturing operation, including FDA approval of additional in-house production capabilities, resulted in a continually robust supply of drug product. Mr. Mahon managed a variety of compliance initiatives critical to achieving full credit for the ethics component of our Company-Wide Milestones for 2011, and managed a growing in-house legal staff which, among other things, actively negotiates contracts that are critical to our commercial, clinical and manufacturing successes. He successfully led the negotiation of several significant financial and strategic transactions, including our convertible debt offering and share repurchase, the sale of Medicomp, Inc., the acquisition of Revivicor, Inc. and several in-licenses for additional early-stage research and development programs.

Other Executive Compensation Policies and Practices

Long-Term Incentive Awards Grant Timing Policy

Beginning with the 2011 performance period, long-term incentive awards are paid annually on or about March 15th of the year following the end of the relevant performance period, with the first such annual award having been paid on March 15, 2012. In the past, long-term incentive awards have typically been granted to our Named Executive Officers and all other employees other than our Chief Executive Officer on a semi-annual basis on March 15th and September 15th of each year.

Our long-term incentive award grant timing is designed so that awards are granted after the market has had an opportunity to react to our announcement of annual earnings. We also believe this timing helps us avoid broad internal communication of highly confidential financial results prior to public announcement of our annual financial results. All long-term incentive awards granted to our Named Executive Officers and other employees have an exercise price equal to the closing price for our common stock on the NASDAQ on the date of grant or, if the award is granted on a date when the NASDAQ is not open, it has an exercise price equal to the closing price of our common stock on the NASDAQ on the preceding trading day.

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Long-term incentive awards for our Named Executive Officers other than our Chief Executive Officer for the second half of 2010 were granted on March 15, 2011, and these awards are shown in the *Summary Compensation Table* and the tables thereafter. Awards granted on March 15, 2012 for the full-year 2011 are not shown in the *Summary Compensation Table* and the tables thereafter, in accordance with SEC disclosure rules. These awards will be included in these tables in our 2013 Proxy Statement.

The long-term incentive award for our Chief Executive Officer, if earned, is granted in accordance with the formula set forth in her employment agreement once each year on December 31st, or the preceding Friday if such date falls on a weekend.

Benefits and Perquisites

The benefits offered to our Named Executive Officers are substantially the same as those offered to all employees, with the exception of the supplemental executive retirement plan (SERP) discussed in the section entitled *Supplemental Executive Retirement Plan* below. We provide a tax-qualified retirement plan (a 401(k) plan) and medical and other benefits to executives that are generally available to other full-time employees. Under our 401(k) plan, all employees are permitted to contribute up to the maximum percentage allowable under applicable law (i.e., $16,500 in 2011 or $22,000 for eligible participants who are age 50 or older). We make matching contributions equal to 40% of eligible employee contributions, with such matching contributions vesting $33^1/_3$% per year based on years of service, not the amount of time an employee has participated in the 401(k) plan. Therefore, once an employee completes three years of service, his or her account is fully vested and any future matching funds will vest immediately. The 401(k) plan and other generally available benefits programs allow us to remain competitive for executive talent. We also provide limited perquisites to our Named Executive Officers, including participation in either our vehicle lease program, which covers the monthly lease payment and cost of insurance and maintenance on vehicles, or a monthly car allowance of $600. The Compensation Committee believes that the availability of these benefit programs generally enhances executive recruitment, retention, productivity and loyalty to us.

For additional details on certain benefits and perquisites received by our Named Executive Officers, see the *Summary Compensation Table* below.

Supplemental Executive Retirement Plan

We maintain our SERP for select executives to enhance the long-term retention of individuals who have been and will continue to be vital to our success. Currently, only our Named Executive Officers and five other members of senior management participate in the SERP. The SERP provides each participant with a lifetime annual payment after retirement (or at his or her election, a lump-sum payment) of up to 100% of final average three year gross salary, less estimated social security benefit, provided that he or she is employed by us or one of our affiliates until age 60. Participants in the SERP are prohibited from competing with us or soliciting its employees for a period of twelve months following his or her termination of employment (or, if earlier upon attainment of age 65). Violation of this covenant will result in forfeiture of all benefits under the SERP.

Additional details regarding the SERP, including provisions in connection with a participant's death or disability or change in control of our company, are provided under the *Pension Benefits in 2011* table below.

Post-Employment Obligations for Named Executive Officers

Each of our Named Executive Officers is eligible for certain severance payments in the event his or her employment terminates under specified circumstances, including in connection with a change in control, as provided in their employment agreements as well as the SERP, the EIP and the STAP.

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These payments vary based on the type of termination but may include cash severance, stock option and STAP vesting acceleration, SERP vesting acceleration, and/or continuation of health and other benefits.

The Compensation Committee approved these arrangements in order to promote the loyalty and productivity of our Named Executive Officers and to align executive and shareholder interests by enabling executives to consider corporate transactions that are in the best interests of our shareholders and other constituents of our company without undue concern about whether the transaction may jeopardize their employment. The Compensation Committee wants our Named Executive Officers to be free to think creatively and promote the best interests of our company without worrying about the impact of those decisions on their employment. No amendments were made to any of our Named Executive Officers' employment agreements in 2011.

Details regarding severance and change in control arrangements for our Named Executive Officers are contained in the text following the *Potential Payments Upon Termination or Change in Control* table below.

Prohibition Against Hedging

Pursuant to our insider trading policy, directors, officers and employees are prohibited from, among other things, purchasing our securities on margin, engaging in "short" sales of our common stock, or buying or selling puts, calls, futures contracts or other forms of derivative securities relating to our securities.

Stock Ownership Guidelines

As noted above under *Board of Directors, Committees, Corporate Governance Stock Ownership Guidelines*, in April 2011, on the joint recommendation of the Compensation Committee and the Nominating and Governance Committee, our Board adopted Stock Ownership Guidelines applicable to our directors and Named Executive Officers. Our Board adopted Stock Ownership Guidelines to further align the financial interests of our directors and Named Executive Officers with those of our shareholders, to foster a long-term management orientation, and to promote sound corporate governance. Our Stock Ownership Guidelines set targets for each Named Executive Officer according to the lesser of a multiple of base salary or fixed number of shares of common stock as follows:

Title of Individual	Ownership Target
Chairman and Chief Executive Officer	Lesser of 6x base salary or 100,000 shares
President and Chief Operating Officer	Lesser of 3x base salary or 40,000 shares
Chief Financial Officer and Treasurer	Lesser of 3x base salary or 20,000 shares
Executive Vice President and General Counsel	Lesser of 3x base salary or 30,000 shares

In determining ownership levels for each Named Executive Officer, credit is provided for shares held outright, as well as the number of vested, but unexercised, stock options and STAP awards. For purposes of vested, unexercised stock options and STAP awards, shares will be calculated on an "as if exercised" basis, assuming a cashless exercise and net of taxes (using an assumed 35% tax rate). Named executive officers are expected to achieve their Stock Ownership Guideline target within five years of becoming subject to this policy. The policy provides procedures for granting exemptions in the case of severe financial hardship.

Policy Against Repricing Without Shareholder Approval

In the past, we have occasionally permitted the repricing or exchange of outstanding stock options or STAP awards that had become "underwater" as a result of a significant decline in our stock price due to extraordinary events (collectively, "repricings"). These repricings were conducted without shareholder approval, as permitted by the terms of the relevant plans. We believe these repricings were approved by our Board of Directors with good reason, and have aided significantly in our efforts to attract, retain and motivate talented employees, directors and Named Executive Officers. However, in February 2011 our Board of Directors adopted a policy against conducting any future repricings without shareholder approval, which the Board believes is consistent with evolving compensation governance best practices.

Policy Regarding Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code (the Code) generally provides that publicly held companies may not deduct compensation paid to our Chief Executive Officer and the three other most highly paid executive officers (other than our Chief Financial Officer) that exceeds $1 million per officer in a calendar year. Compensation that is considered "performance-based compensation" within the meaning of the Code does not count toward the $1 million limit.

While the Compensation Committee considers the impact of the tax treatment, the primary factor influencing program design is the support of business objectives. Generally, whether incentive compensation will be deductible under Section 162(m) of the Code will be a consideration, but not the decisive consideration, with respect to the Compensation Committee's compensation determinations. Accordingly, the Compensation Committee retains flexibility to structure our compensation programs in a manner that is not tax-deductible in order to achieve a strategic result that the Compensation Committee determines to be more appropriate. For example, awards granted under the annual cash incentive plan and the STAP do not meet all of the requirements for deductibility under the Code, and therefore may not be deductible, even though we consider annual cash incentive awards and STAP awards to be based on performance.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed the *Compensation Discussion and Analysis* required by Item 402(b) of Regulation S-K and contained within this Proxy Statement with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the *Compensation Discussion and Analysis* be included in this Proxy Statement and incorporated into United Therapeutics' Annual Report on Form 10-K for the year ended December 31, 2011.

Submitted by the Compensation Committee:
Christopher Causey (Chair)
R. Paul Gray
Louis Sullivan

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EXECUTIVE COMPENSATION

The following table shows compensation information for 2009, 2010 and 2011 for our Named Executive Officers.

Summary Compensation Table

Name and Principal Position	Year	Salary(1) ($)	Bonus ($)	Option/ STAP Awards(2) ($)	Non-Equity Incentive Plan Compensation(3) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) ($)	All Other Compensation(5) ($)	Total ($)
Martine Rothblatt	2011	931,485(6)			804,960	1,409,730	15,175	3,161,350
Chief Executive	2010	874,768		14,263,681	900,000	1,526,156	56,203	17,620,808
Officer	2009	798,203		14,577,981	440,125	1,755,503	19,286	17,591,098
John Ferrari	2011	463,128(7)		1,925,375	236,122	763,325	13,440	3,401,390
Chief Financial Officer	2010	437,692		3,247,294	250,000	824,298	9,851	4,769,135
and Treasurer	2009	407,692		4,331,180	118,650	806,285	9,733	5,673,540
Roger Jeffs	2011	754,333		2,695,525	489,684	819,098	23,900	4,782,540
President and	2010	725,000		4,546,212	550,000	944,919	39,334	6,805,465
Chief Operating Officer	2009	710,000		6,356,091	288,150	1,306,063	11,960	8,672,264
Paul Mahon	2011	656,167		1,925,375	340,766	682,551	13,800	3,618,659
Executive Vice President	2010	630,000		3,247,294	375,000	796,619	13,800	5,062,713
and General Counsel	2009	615,000		4,686,177	194,925	1,073,406	13,688	6,583,196

(1) Increases in base salaries for our Named Executive Officers became effective on March 1, 2011 and 2010 and April 1, 2009. Therefore, a portion of the base salary shown for each year reflects the salary level for the previous year.

(2) Amounts shown represent the aggregate grant date fair value of stock options and STAP awards granted in each reported year, computed in accordance with applicable accounting standards. For a discussion of valuation assumptions for stock options and STAP awards see Note 10 *Stockholders' Equity* and Note 7 *Share Tracking Awards Plans*, respectively, to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. The stock options were awarded under our EIP and the STAP awards were granted under the STAP. See the *Grants of Plan-Based Awards in 2011* table for more information on stock options and STAP awards granted to our Named Executive Officers in 2011.

(3) Amounts shown for 2011 represent the total cash awards earned by each Named Executive Officer under our Company-Wide Milestone Incentive Bonus Program for 2011. The payouts were determined based on our attainment of specific, pre-established performance Milestones. For information on the amounts earned for 2011, see the section entitled *Cash Incentive Bonus Compensation* in the *Compensation Discussion and Analysis* above.

(4) Amounts shown represent the change in the actuarial present value of retirement benefits under the SERP calculated pursuant to SEC requirements. The assumptions used in calculating the change in the actuarial present value of SERP benefits are described in the footnotes to the *Pension Benefits* table below. The change in pension value from year to year as reported in the table will vary based on these assumptions and may not represent the value that a Named Executive Officer will actually accrue or receive under the SERP.

(5)

The amounts shown represent the aggregate incremental cost of the percentage of personal use by Named Executive Officers that can be attributed to lease, insurance and maintenance payments made on vehicles leased by us or for monthly automobile allowances, travel expenses for family members to our functions (collectively, the perquisites), and our "matching contributions" under our 401(k) Plan equal to 40% of each participant's qualifying salary contributions.

(6)

Our Canadian subsidiary pays a portion of Dr. Rothblatt's total base salary in the amount of 120,000 Canadian dollars. The value of this portion in U.S. dollars has been estimated for the purposes of disclosure here by using the spot exchange rate on the dates on which Dr. Rothblatt was paid. In 2011, our Canadian subsidiary paid the equivalent of US$121,485 of Dr. Rothblatt's total base salary.

(7)

Includes $8,462 in accrued but unused vacation time that Mr. Ferrari cashed out in 2011, consistent with our company-wide vacation policy.

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Grants of Plan-Based Awards in 2011

Name	Award Type	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Target($)	All Other Option Awards: Number of Securities Underlying Options or STAP Awards(2) (#)	Exercise or Base Price of Option or STAP Awards ($/Sh)	Grant Date Fair Value of Option or STAP Awards(3) ($)
Martine Rothblatt	Milestone Incentive		$ 936,000			
John Ferrari	STAP	03/15/11		62,500	$ 65.80	$ 1,925,375
	Milestone Incentive		$ 274,560			
Roger Jeffs	STAP	03/15/11		87,500	$ 65.80	$ 2,695,525
	Milestone Incentive		$ 569,400			
Paul Mahon	STAP	03/15/11		62,500	$ 65.80	$ 1,925,375
	Milestone Incentive		$ 396,240			

(1) The amounts in this column represent each Named Executive Officer's cash incentive bonus target opportunity based on the annual Company-Wide Milestone Incentive Bonus Program for 2011 described in the section entitled *Company-Wide Milestone Incentive Bonus Program* in the *Compensation Discussion and Analysis* above. Our Company-Wide Milestone Incentive Bonus Program does not have a threshold payout. The target payout for the Company-Wide Milestone Incentive Bonus Program also represents the maximum payout. Accordingly, no threshold or maximum columns are shown. Actual bonuses earned under the program in 2011 are reported in the *Summary Compensation Table* under the column entitled "Non-Equity Incentive Plan Compensation."

(2) The amounts in this column reflect the number of STAP awards granted to our other Named Executive Officers as long-term incentive awards under our STAP. In 2011, Dr. Rothblatt did not receive any stock option awards pursuant to the formula set forth in her employment agreement due to the decline in our market capitalization from December 2010 to December 2011.

(3) For STAP awards, the dollar values in this column reflect the fair value of the awards on the grant date computed in accordance with applicable accounting standards. The grant date fair value does not necessarily represent the amount we will recognize as an expense over the period that the STAP award is outstanding. The fair value of STAP awards is re-measured at the end of each quarterly reporting period until the awards are paid or are no longer outstanding. The expense we recognize on each quarterly reporting date is based on the portions of awards that are vesting and the amount of time vested awards have been outstanding.

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Narratives to Summary Compensation Table and Grants of Plan-Based Awards in 2011 Table

Named Executive Officer Employment Agreements

The material terms of each Named Executive Officer's employment agreement are described below.

Dr. Rothblatt

In April 1999, we entered into an employment agreement with Dr. Rothblatt. This agreement had been amended from time to time, most recently in 2004, and we entered into an Amended and Restated Executive Employment Agreement with Dr. Rothblatt effective January 1, 2009 in order to clarify the effectiveness of certain prior amendments, and to make certain other immaterial amendments.

Dr. Rothblatt's employment agreement provides for an initial five-year term, which is automatically extended for additional one-year periods after each year unless either party gives at least six months' notice of termination. Either party may terminate the agreement at least six months prior to an annual renewal, which would result in a four-year remaining term.

Dr. Rothblatt's compensation in 2011 was paid pursuant to this employment agreement, which entitles her to a minimum base salary of $180,000, annual cash and long-term incentive bonus compensation and participation in employee benefits generally available to other executives of our company. The level of Dr. Rothblatt's base salary is subject to annual review and increase by the Compensation Committee. Her annual salary was last reviewed on February 1, 2012, and beginning March 1, 2012, was $964,080. Her employment agreement also requires us to pay the cost of leasing, maintaining and insuring an automobile for Dr. Rothblatt.

With respect to her annual long-term equity incentive compensation, Dr. Rothblatt's employment agreement provides that she is eligible to receive an annual award of options to purchase the number of shares of common stock that is equal to one-eighteenth of one percent of the increase in our market capitalization, calculated using the average closing price for the month of December versus the average measured in December of the prior year. The Compensation Committee, with Dr. Rothblatt's consent, may reduce the number of stock options to be granted in accordance with the formula in her employment agreement. In 2011, Dr. Rothblatt was awarded no stock options in accordance with this formula. To date, all of Dr. Rothblatt's stock options have been awarded pursuant to our EIP, have a term of ten years and are fully vested and exercisable on the date of grant. The stock options have an exercise price equal to or exceeding the fair market value of our common stock at the closing price on the NASDAQ on the date of grant. If Dr. Rothblatt is a 10% owner at the time of any grant, the exercise price will be equal to 110% of the fair market value and the options will be exercisable over five years. The maximum number of shares reserved as of December 31, 2011 under our EIP for such grants is 11,078,939, and the maximum number of stock options that may be granted to Dr. Rothblatt in a given year is 1,000,000 (both numbers, as adjusted for the two-for-one split of our common stock on September 22, 2009).

Dr. Rothblatt's employment agreement prohibits her from engaging in activities competitive with us for five years following termination of her employment. She will also be subject to a permanent confidentiality obligation. For information regarding severance and change in control arrangements for Dr. Rothblatt, see the text following the *Potential Payments Upon Termination or Change in Control* table below.

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Mr. Ferrari, Dr. Jeffs and Mr. Mahon

We have entered into employment agreements with each of Mr. Ferrari, Dr. Jeffs and Mr. Mahon. As amended, the agreements for Mr. Ferrari, Dr. Jeffs and Mr. Mahon provide for an initial five-year term, which is automatically extended for additional one-year periods after each year. Either party may terminate the agreement upon 60 days' notice prior to an annual renewal, which would result in a four-year remaining term. Mr. Ferrari's agreement was entered into on August 2, 2006, Dr. Jeffs' on November 29, 2000 and Mr. Mahon's on June 16, 2001. Mr. Ferrari's agreement provides for an annual base salary of at least $240,000, Dr. Jeffs' agreement provides for an annual base salary of at least $250,000, and Mr. Mahon's agreement provides for an annual base salary of at least $300,000. The level of each executive's base salary is subject to annual review and increase by the Compensation Committee. Annual salaries for Mr. Ferrari, Dr. Jeffs and Mr. Mahon were last reviewed on February 1, 2012, and beginning March 1, 2012, are set at $526,240, $782,000 and $680,200, respectively. Each executive is eligible to participate in our broad-based employee benefit plans. In accordance with the terms of Dr. Jeffs' employment agreement, we also pay the cost for leasing, maintaining and insuring an automobile for Dr. Jeffs. Mr. Ferrari and Mr. Mahon each receive a $600 monthly car allowance.

Mr. Ferrari's employment agreement also provides his level of annual cash and long-term bonus target opportunities. The bonus amounts earned by Mr. Ferrari are ultimately subject to the criteria set forth in the *Compensation Discussion and Analysis* above. Under his employment agreement, Mr. Ferrari's annual cash incentive bonus target opportunity must be equal to at least 35% of his base salary and his annual long-term incentive bonus target opportunity must be at least 30,000 stock options or STAP awards; provided, however, that the foregoing long-term incentive bonus target opportunity is subject to review and adjustment from time to time by the Compensation Committee. The Compensation Committee has set Mr. Ferrari's long-term incentive bonus target opportunity at 125,000 STAP awards.

Each of their employment agreements prohibits Mr. Ferrari, Dr. Jeffs and Mr. Mahon from accepting employment, consultancy or any other business relationships with an entity that directly competes with us or from engaging in the solicitation of our employees on behalf of a competitor for a period of two years following his last receipt of compensation from us. Each of Mr. Ferrari, Dr. Jeffs and Mr. Mahon is under an obligation of confidentiality for three years after termination of his employment.

For information regarding severance and change in control arrangements for these Named Executive Officers, see the text following the *Potential Payments Upon Termination or Change in Control* table below.

Summary of Terms of Plan-Based Awards

Equity Incentive Compensation Plan

Dr. Rothblatt is eligible to receive an annual award of performance-based stock options to purchase shares of common stock, as described above under *Named Executive Officer Employment Agreements Dr. Rothblatt*.

STAP Awards

As described in the section entitled *Long-Term Incentive Bonus Compensation* in the *Compensation Discussion and Analysis* above, in 2011 our Named Executive Officers (other than Dr. Rothblatt) were granted STAP awards. Beginning in 2011, these long-term incentive awards are granted annually, concurrently with the cash incentive bonus awards. The STAP awards convey the right to receive an amount in cash equal to the positive difference between the exercise price (which equals the closing

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price of one share of our common stock on the date of grant) and the closing price of one share of our common stock on the date of exercise. The fair value is based on the closing price of our common stock on the relevant grant date.

Each STAP award granted before November 2009 has a ten-year term and vests in one-third increments on the first three anniversaries of the date of grant, subject to the Named Executive Officer's continued employment. STAP awards granted after November 2009 have a ten-year term and vest in one-fourth increments on the first four anniversaries of the date of grant. For information regarding acceleration of vesting upon certain employment termination events, see the text following the *Potential Payments Upon Termination or Change in Control* table below.

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Outstanding Equity Awards at 2011 Fiscal Year-End

The following table sets forth information regarding unexercised stock options or STAP awards held by each of our Named Executive Officers as of December 31, 2011.

		Option Awards and STAP Awards Number of Securities Underlying Unexercised Options or STAP Awards			
Name and Grant Date	Award Type	(#) Exercisable(1)	(#) Unexercisable	Option or STAP Award Exercise Price($)(2)	Option or STAP Award Expiration Date
Martine Rothblatt					
12/30/2005	Stock Option	498,350		$ 34.56	12/30/2015
12/31/2007(3)	Stock Option	764,000		30.75	12/31/2017
12/31/2009	Stock Option	625,396		52.65	12/31/2019
12/31/2010	Stock Option	540,861		63.22	12/31/2020
John Ferrari					
06/03/2008(4)	STAP Award	25,050		$ 25.32	06/03/2018
09/15/2008(5)	STAP Award	125,000		25.32	09/15/2018
03/13/2009	STAP Award	70,834	35,416	33.14	03/13/2019
09/15/2009	STAP Award	70,834	35,416	50.09	09/15/2019
03/15/2010	STAP Award	15,625	46,875	57.15	03/15/2020
09/15/2010	STAP Award	15,625	46,875	51.37	09/15/2020
03/15/2011	STAP Award		62,500	65.80	03/15/2021
Roger Jeffs					
12/15/2005(3)	Stock Option	210,000		$ 30.75	12/15/2015
03/15/2007	Stock Option	65,000		27.97	03/15/2017
09/14/2007(3)	Stock Option	124,250		30.75	09/14/2017
06/03/2008(4)	STAP Award	110,750		25.32	06/03/2018
09/15/2008(5)	STAP Award	175,000		25.32	09/15/2018
03/13/2009	STAP Award	93,334	46,666	33.14	03/13/2019
09/15/2009	STAP Award	110,834	55,416	50.09	09/15/2019
03/15/2010	STAP Award	21,875	65,625	57.15	03/15/2020
09/15/2010	STAP Award	21,875	65,625	51.37	09/15/2020
03/15/2011	STAP Award		87,500	65.80	03/15/2021
Paul Mahon					

12/15/2005(3)	Stock Option	200,000		$ 30.75	12/15/2015
09/14/2007(3)	Stock Option	54,750		30.75	09/14/2017
06/03/2008(4)	STAP Award	83,250		25.32	06/03/2018
09/15/2008(5)	STAP Award	125,000		25.32	09/15/2018
03/13/2009	STAP Award	79,167	39,583	33.14	03/13/2019
09/15/2009	STAP Award	75,001	37,499	50.09	09/15/2019
03/15/2010	STAP Award	15,625	46,875	57.15	03/15/2020
09/15/2010	STAP Award	15,625	46,875	51.37	09/15/2020
03/15/2011	STAP Award		62,500	65.80	03/15/2021

(1) Stock options and STAP awards granted prior to November 2009 vest in one-third increments on the first three anniversaries of the date of grant and STAP awards granted after November 2009 vest in one-fourth increments on the first four anniversaries of the date of grant, assuming continued employment, except for Dr. Rothblatt's stock options, which are fully vested upon grant pursuant to her employment agreement.

(2) The exercise price of a stock option or STAP award is the closing price on the NASDAQ of a share of our common stock on the date of grant. However, outstanding STAP awards were amended on November 24, 2008, to reduce their exercise price to $50.63 ($25.32 after our September 2009 two-for-one stock split), the closing price of our common stock on the NASDAQ on that date.

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(3)
On November 26, 2008, we commenced an option exchange program with respect to certain outstanding options to purchase shares of our common stock that had an exercise price per share greater than $65.00 ($32.50 as adjusted for the September 2009 two-for-one split of our common stock). All of the replacement options were issued when the option exchange program terminated on December 26, 2008, and had an exercise price of $61.50 ($30.75 as adjusted for the September 2009 two-for-one split of our common stock) per share, representing the closing price of our common stock, as reported on the NASDAQ, on December 26, 2008. All replacement options were granted under our EIP and have terms and conditions identical to those contained in the corresponding original option grants.

(4)
Represents a STAP award grant with an original exercise price of $94.06 ($47.03 after our September 2009 two-for-one stock split). However, outstanding STAP awards were amended on November 24, 2008, to reduce their exercise price to $50.63 ($25.32 after our September 2009 two-for-one stock split), the closing price of our common stock on the NASDAQ on that date.

(5)
Represents a STAP award grant with an original exercise price of $109.64 ($54.82 after our September 2009 two-for-one stock split). However, outstanding STAP awards were amended on November 24, 2008, to reduce their exercise price to $50.63 ($25.32 after our September 2009 two-for-one stock split), the closing price of our common stock on the NASDAQ on that date.

Option Exercises and Stock Vested in 2011

The following table shows (i) the number of shares of our common stock acquired upon exercise of stock options, and (ii) the number of STAP awards exercised by each of our Named Executive Officers during the year ended December 31, 2011.

	Option Awards		STAP Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of STAP Awards on Exercise (#)**	**Value Realized on Exercise ($)(1)**
Martine Rothblatt	280,000	$ 9,695,000		$
John Ferrari		$	71,500	$ 2,684,700
Roger Jeffs	32,000	$ 1,277,100	115,000	$ 4,419,900
Paul Mahon	82,573	$ 3,127,700	78,000	$ 2,928,800

(1)
Represents the difference between the exercise price of the stock options or STAP award and the fair market value of our common stock on the date of exercise, multiplied by the number of options or STAP awards exercised. STAP awards convey the right to receive an amount in cash equal to the positive difference between the exercise price and the closing price of one share of our common stock on the date of exercise.

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Pension Benefits in 2011

The table below describes the present value of the accumulated benefit for our Named Executive Officers under the SERP:

Name	Plan Name	Number of Years of Credited Service(1)	Present Value of Accumulated Benefit ($)(2)
Martine Rothblatt	SERP	14.3	$ 10,794,662
John Ferrari	SERP	10.6	$ 3,609,417
Roger Jeffs	SERP	13.3	$ 6,564,036
Paul Mahon	SERP	10.5	$ 5,204,749

(1) Reflects the date on which each Named Executive Officer commenced employment with us.

(2) For a discussion of valuation assumptions, see Note 13 *Employee Benefit Plans Supplemental Executive Retirement Plan* to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2011. The present value of accumulated benefits calculation includes non-service-related benefits; that is, it assumes continued service until participants reach age 60. The present value is based on accumulated benefits projected at age 60 based on earnings at December 31, 2011, without reflecting the age 62 social security offset. A discount rate of 4.49% is used and assumes no pre-retirement death, disability or termination.

Supplemental Executive Retirement Plan

In 2006, the Compensation Committee approved our SERP, which is a non-qualified supplemental defined benefit retirement plan for select key executives to enhance the long-term retention of individuals that have been and will continue to be vital to our success. Participants in the SERP generally must remain in the employ of our company or one of its affiliates until age 60 to receive a benefit except in the event of death, disability or a change in control of our company. If a participant terminates employment with us for any reason prior to age 60 (other than due to death or disability or following a change of control), no benefit will be paid. The benefit to be paid under the plan is based on when an executive commenced participation in the plan. In general, a participant will be eligible for an unreduced benefit under the plan after 15 years of service. Upon a change-in-control before a participant reaches age 60, he or she will immediately vest in and receive a prorated benefit based on years of service to date.

The SERP is administered by the Compensation Committee. Currently, our Named Executive Officers and five other key employees are designated to participate in the SERP. Drs. Rothblatt and Jeffs and Mr. Mahon are all eligible, upon retirement after the age of 60, to receive monthly payments equal to the monthly average of the total gross base salary received by the participant over his or her last 36 months of active employment (the Final Average Compensation), reduced by the participant's estimated social security benefit (determined as provided under the SERP), for the remainder of the participant's life (the aggregate amount of such payments, the Normal Retirement Benefit), commencing on the first day of the sixth month after retirement. For executives who began participating in the plan after July 1, 2006, including Mr. Ferrari, the retirement benefit is generally calculated as 100% of the final three-year average gross base salary reduced by the estimated social security benefit they would receive in retirement, multiplied by a fraction (not to exceed 1) the numerator of which is their years of service and the denominator of which is 15 (the Normal Retirement Benefit). This means that for participants who have less than 15 years of service with us, the retirement benefit is prorated by the number of years of actual service divided by 15 years. By age

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60, all of the current participants except Mr. Ferrari will have had 15 years of service if they remain employed by us. In the event of termination of employment due to disability prior to the age of 60 or death prior to retirement, a participant or the participant's beneficiary, as applicable, will be entitled to a percentage of the Normal Retirement Benefit, as determined under the SERP (the aggregate amount of such payments referred to as the Disability Retirement Benefit), commencing on the first day of the sixth month after termination of employment in the event of a Disability and as soon as administratively practicable in the event of death. All of our Named Executive Officers have elected to receive their benefit in the form of a lump sum, although they were also offered a choice of a single life annuity or an actuarially equivalent joint or survivor annuity.

In the event of a change in control, as defined in the SERP, a participant who is actively employed on the date of the change in control will be entitled to a lump sum payment equal to the actuarial equivalent present value of a monthly single life annuity equal to (1) the participant's Final Average Compensation, reduced by the participant's estimated future social security benefit (determined as provided under the SERP), multiplied by (2) a fraction (no greater than one), the numerator of which equals the participant's years of service and the denominator of which equals 15, to be paid as soon as administratively practicable following the change in control. In the event that a participant is entitled to a Normal Retirement Benefit or Disability Retirement Benefit at the time of a change in control, all such payments (or any remaining payments, with respect to any participant who is receiving payments under the SERP at the time of the change in control) will be made in a lump sum as soon as administratively practicable following such change in control.

Participants in the SERP will be prohibited from competing with us or soliciting its employees for a period of twelve months following his or her termination of employment (or, if earlier upon attainment of age 65). Violation of this covenant will result in forfeiture of all benefits under the SERP.

No payments were made under the SERP in 2011.

In addition, see the section entitled *Severance and Change in Control Payments to the Chief Executive Officer* below for a description of potential additional years of service to be awarded to Dr. Rothblatt pursuant to her employment agreement. There are no other supplementary service recognition or benefit enhancement provisions for our Named Executive Officers.

Rabbi Trust

In December 2007, the Compensation Committee adopted the United Therapeutics Corporation Supplemental Executive Retirement Plan Rabbi Trust Document (Rabbi Trust Document), providing for the establishment of a trust (Rabbi Trust), the assets of which will be contributed by us and used to pay benefits under the SERP. The Rabbi Trust Document was entered into between our company and Wilmington Trust Company, which will serve as trustee of the Rabbi Trust. The Rabbi Trust is irrevocable, and SERP participants will have no preferred claim on, nor any beneficial ownership interest in, any assets of the Rabbi Trust.

Generally, we may contribute additional assets to the Rabbi Trust at our sole discretion. However, pursuant to the terms of the Rabbi Trust Document, within five days following the occurrence of a potential change in control (as defined in the Rabbi Trust Document), or if earlier, at least five days prior to the occurrence of a change in control (as defined in the Rabbi Trust Document), we will be obligated to make an irrevocable contribution to the Rabbi Trust in an amount sufficient to pay each SERP participant or beneficiary the benefits to which they would be entitled pursuant to the terms of the SERP on the date on which the change in control occurred. The Rabbi Trust will not terminate until the date on which SERP participants or their beneficiaries are no longer entitled to benefits pursuant to the terms of the SERP.

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Potential Payments Upon Termination or Change in Control

Each of our Named Executive Officers is eligible to receive certain payments and benefits if his or her employment is involuntarily terminated without "Cause", terminated by the executive for "Good Reason", terminated by the executive voluntarily with continued status as a "Senior Advisor" to us, terminated due to disability or death, or terminated in connection with a "Change in Control" (each such term, as defined in the Named Executive Officer's employment agreement, the SERP, our EIP and related stock option agreements, and the STAP and related award agreements) of our company in accordance with the applicable terms of their respective employment agreements, the SERP, our EIP and related stock option agreements, and the STAP and related award agreements, as reported in the *Potential Payments Upon Termination or Change in Control* table below and described in the narrative table that follows. The summary of these benefits is qualified in its entirety by the specific language of the various agreements and plans that have been filed with the SEC. The amounts shown in the *Potential Payments Upon Termination or Change in Control* table below are estimates of the value of these payments and benefits, assuming that such termination was effective as of December 31, 2011. The actual compensation to be paid to a Named Executive Officer can only be determined at the time such Named Executive Officer's employment is terminated and may vary based on factors such as the timing during the year of any such event, the company's stock price, the executive officer's age, and any changes to our benefit arrangements and policies. In addition to the benefits described below, our Named Executive Officers will be eligible to receive any benefits accrued under our broad-based benefit plans, such as distributions under life insurance and disability benefit plans and accrued vacation pay.

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Potential Payments Upon Termination or Change in Control

Executive Benefits and Payments Upon Separation	Involuntary Termination Without Cause/ Resignation for Good Reason/ Resignation While Continuing as Senior Advisor	Disability(1)	Death(1)	Termination upon a Change in Control	Change In Control without Termination of Employment
Martine Rothblatt					
Salary and bonus	$ 4,417,920	$ 804,960	$ 804,960	$ 4,417,920	$
Stock option vesting acceleration(2)					
Supplemental Executive Retirement Plan	8,131,898(3)	8,979,445	6,129,929	10,276,435	10,276,435
Health and other benefits(4)	85,438			85,438	
Excise tax gross-up(5)					
Total	$ 12,635,256	$ 9,784,405	$ 6,934,889	$ 14,779,793	$ 10,276,435
John Ferrari					
Salary and bonus	1,387,444	$ 236,122	$ 236,122	$ 1,387,444	$
STAP award vesting acceleration(2)	499,720	499,720	499,720	499,720	499,720
Supplemental Executive Retirement Plan		3,620,660	2,451,164	3,620,660	3,620,660
Total	$ 1,887,164	$ 4,356,502	$ 3,187,006	$ 5,507,824	$ 4,120,380
Roger Jeffs					
Salary and bonus	$ 2,497,768	$ 489,684	$ 489,684	$ 2,497,768	$
STAP award vesting acceleration(2)	658,457	658,457	658,457	658,457	658,457
Supplemental Executive Retirement Plan		3,748,300	2,679,724	5,747,394	5,747,394
Total	$ 3,156,225	$ 4,896,441	$ 3,827,865	$ 8,903,619	$ 6,405,851
Paul Mahon					
Salary and bonus	$ 2,002,332	$ 340,766	$ 340,766	$ 2,002,332	$
STAP award vesting acceleration(2)					