

UNITED THERAPEUTICS CORP
Form DEF 14A
April 29, 2005

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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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 Definitive Proxy Statement
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United Therapeutics Corporation

(Name of Registrant as Specified In Its Charter)

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

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**1110 Spring Street
Silver Spring, MD 20910**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The 2005 Annual Meeting of Stockholders of United Therapeutics Corporation will be held at United Therapeutics headquarters, 1110 Spring Street, Silver Spring, Maryland 20910 on Wednesday, June 29, 2005 at 9:00 a.m. for the following purposes:

1. To elect three members of the Board of Directors for terms expiring at the 2008 Annual Meeting of Stockholders; and
2. To consider and act upon such other business as may properly come before the Annual Meeting.

Only stockholders of record at the close of business on May 2, 2005 are entitled to notice of, and to vote at, the meeting.

WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, YOU ARE REQUESTED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE ENCLOSED ENVELOPE.

ALL STOCKHOLDERS ARE EXTENDED A CORDIAL INVITATION TO ATTEND THIS MEETING.

By Order of the Board of Directors,

Paul A. Mahon
Secretary

May 9, 2005

Silver Spring, Maryland

UNITED THERAPEUTICS CORPORATION

**1110 Spring Street
Silver Spring, MD 20910**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

June 29, 2005

This Proxy Statement and enclosed proxy are furnished on or about May 9, 2005 to stockholders of United Therapeutics Corporation in connection with the solicitation by the Board of Directors of United Therapeutics of proxies to be voted at the 2005 Annual Meeting of Stockholders. The Annual Meeting will be held on Wednesday, June 29, 2005 beginning at 9:00 A.M. local time at United Therapeutics headquarters, located at 1110 Spring Street, Silver Spring, Maryland 20910.

If the enclosed proxy card is properly executed and returned prior to the meeting, the shares represented by the proxy card will be voted in accordance with the stockholder's directions or, if no directions are indicated, the shares will be voted in accordance with the recommendation of the Board of Directors as specified in this Proxy Statement. The stockholder giving the proxy has the power to revoke the proxy at any time before it is exercised by delivering to the Secretary of United Therapeutics at the above address either a written notice of revocation or a duly executed proxy bearing a later date. If a stockholder decides to attend the Annual Meeting and wishes to change his or her proxy vote, the stockholder may do so by voting in person at the meeting.

United Therapeutics will bear the cost of soliciting proxies. Copies of solicitation material may be furnished to brokers, custodians, nominees and other fiduciaries for forwarding to beneficial owners of shares of United Therapeutics common stock, and normal handling charges may be paid for such forwarding service. Officers and other employees of United Therapeutics may solicit proxies in person or by telephone, fax, email or mail, and they will receive no additional compensation if they do so. At the close of business on May 2, 2005 (the Record Date), there were 22,626,348 shares of the common stock of United Therapeutics outstanding and entitled to vote at the Annual Meeting. Only stockholders of record at the close of business on the Record Date will be entitled to vote, either in person or by proxy, at the Annual Meeting, and each share will have one vote.

Election of Directors

The United Therapeutics Board of Directors consists of eight members and is divided into three classes of directors. At each Annual Meeting, members of one of the classes, on a rotating basis, are elected for a three-year term. At this meeting, Raymond Dwek, Roger Jeffs and Christopher Patuskus are nominees for election as Class III directors for terms expiring at the 2008 Annual Meeting of Stockholders.

Proxies may not be voted for a greater number of persons than the number of nominees named. Proxies representing shares held as of the Record Date which are returned duly executed will be voted, unless otherwise specified, in favor of these three nominees for the Board. All of the nominees are currently directors of United Therapeutics.

Unless otherwise instructed on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election of the three persons named as nominees. If the proxy card is signed and returned without any direction given, shares of stock represented by the proxy will be voted FOR the election of the three nominees named on the proxy card. Each of the nominees has consented to be named herein and to continue to serve on the Board of Directors if elected. It is not anticipated that any nominee will become unable or unwilling to accept nomination or election, but, if that should occur, the persons named in the proxy intend to vote for the election in his or her stead such other person as the Board's Nominating and Governance Committee may recommend to the Board.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES AS CLASS III DIRECTORS OF UNITED THERAPEUTICS.

The following table presents information concerning persons nominated for election as directors of United Therapeutics and for those directors whose terms of office will continue after the meeting, including their current membership on committees of the Board of Directors, principal occupations or affiliations during at least the last five years and certain other directorships held. For additional information concerning the nominees for directors, including stock ownership and compensation, see DIRECTOR COMPENSATION, BENEFICIAL OWNERSHIP OF COMMON STOCK and EXECUTIVE COMPENSATION below.

Nominees for Election as a Director for Terms Expiring in 2008:

Raymond Dwek, F.R.S

Age 63

Member, Nominating and Governance Committee

Professor Dwek is a Fellow of the Royal Society, London, and currently serves as Director of the Glycobiology Institute, Professor of Biochemistry, and 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 he served as a member of its Board of Directors until its sale in 2003. Professor Dwek and his team at Oxford University are the discoverers of United Therapeutics' glycobiology platform. He has served as a United Therapeutics director since 2002.

Roger Jeffs, Ph.D.

Age 43

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 President and Chief Operating Officer in January 2001. Prior to 1998, Dr. Jeffs worked at Amgen, Inc. as Manager of Clinical Affairs and Associate Director of Clinical Research from 1995 to 1998. Prior to Amgen, Dr. Jeffs worked in the clinical research group of Burroughs Wellcome Co. He has served as a United Therapeutics director since 2002.

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

Age 41

Chairman, Nominating and Governance Committee

Member, Audit Committee

Professor Patusky was appointed by the United Therapeutics Board of Directors to serve as a Class III director effective October 24, 2002. Professor Patusky is the Executive Director and a member of the faculty of the University of Pennsylvania's Fels Institute of Government where he has worked since January 2002. From 1995 to 2001, Professor Patusky practiced law as a principal in the law firm, Mahon Patusky Rothblatt & Fisher, Chartered. He has served as a United Therapeutics director since 2002.

Directors Continuing in Office:

Christopher Causey, M.B.A.

Age 42

Chairman, Compensation Committee
Member, Audit Committee

Mr. Causey has served as the Principal of Causey Consortium, a professional services organization providing strategic planning and marketing advice to the healthcare industry since 2002. Previously, Mr. Causey served as a senior marketing officer in a variety of health care and technology companies. From 2001 to 2002, Mr. Causey served as the Chief Marketing Officer for Definity Health Incorporated. From 1999 to 2001, Mr. Causey served as the Vice President for Marketing for DirectAg.com Incorporated. From 1997 to 1999, Mr. Causey served as the Vice President for Marketing for Allina Health System Incorporated. Prior to 1997, Mr. Causey served as the Director of Marketing and Account Management for Blue Cross and Blue Shield of Minnesota. Mr. Causey was elected a United Therapeutics director at the 2003 Annual Meeting of Stockholders and his term expires in 2007.

R. Paul Gray

Age 41

Chairman, Audit Committee

Member, Compensation Committee

In 2002, Mr. Gray founded Core Concepts, LLC, a strategic and financial consulting firm and he has continued to serve as its managing member. Since 2004, Mr. Gray has served as a director of Earth Search Sciences, Inc., a publicly traded company. From September 2001 to May 2004, Mr. Gray served as Director and acting Chief Financial Officer of Power3 Medical Products, Inc., a publicly traded company. From 2003 to November 2004, Mr. Gray had served as a director of Vertica Software, Inc., a publicly traded company until the completion of a merger transaction in November 2004. From 1999 to 2001, Mr. Gray served as a Director and Chief Financial Officer of Millennium Health Communications, Inc., a start-up high technology company whose select intellectual properties were purchased and were operated by Power3 Medical Products, Inc. In 2001 and until May 2002, Mr. Gray also served as a Director and Chief Financial Officer of Reli-Communications, Inc., which operated telecommunications properties. Reli-Communications filed for bankruptcy protection in 2002 subsequent to Mr. Gray's departure. From 1985 to 1999, Mr. Gray practiced as a Certified Public Accountant at Ernst & Young LLP, KPMG LLP and Beers & Cutler LLP. Mr. Gray was appointed by the United Therapeutics Board of Directors on February 27, 2003 to fill a vacancy. The Board of Directors has determined that he is an audit committee financial expert as defined under the rules and regulations of the Securities and Exchange Commission and meets the financial sophistication requirement of the listing standards of the NASDAQ Stock Market, Inc. (NASDAQ). Mr. Gray's term expires in 2007.

Raymond Kurzweil

Age 57

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, eleven 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 also serves as a member of the board of directors of Inforte Corp., a publicly traded technology consulting company. Mr. Kurzweil has served as a United Therapeutics director since 2002 and his term expires in 2006.

Martine A. Rothblatt, Ph.D., J.D., M.B.A.

Age 50

Dr. Rothblatt started United Therapeutics in 1996 and has served as Chairman and Chief Executive Officer since its inception. Prior to founding United Therapeutics, she founded and served as Chief Executive Officer of Sirius Satellite Radio, co-founded and served as Chief Operating Officer of satellite sound broadcasting pioneer WorldSpace Corp., and was principally responsible for several other unique applications of satellite communications technology. She also represented the radio astronomy interests of the National Academy of Sciences Committee on Radio Frequencies before the FCC and led the International Bar Association's efforts to present the United Nations with a draft Human Genome Treaty. Dr. Rothblatt is President of the William Harvey Medical Research Foundation and past-Chairman of the Law and Medicine Committee of the International Bar Association. Her book, *Your Life or Mine: How Geoethics Can Resolve the Conflict Between Public and Private Interests In Xenotransplantation*, was published by Ashgate in 2004. She has served as a United Therapeutics director since 1996. Her term expires in 2006.

Louis W. Sullivan, M.D.

Age 71

Member, Compensation Committee

Member, Nominating and Governance Committee

Dr. Sullivan currently serves as a Director of Bristol-Meyers Squibb Company, 3M Corporation, Georgia-Pacific Corporation, CIGNA Corporation, Henry Schein, Inc. BioSante Pharmaceuticals, Inc. and Inhibitex, Inc. Dr. Sullivan was the founding President of Morehouse School of Medicine from 1981 to 1989 and 1993 to 2002, and Dr. Sullivan is now President Emeritus of Morehouse School of Medicine. Dr. Sullivan also serves as a founder and 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 the Little League of America. Dr. Sullivan served as Secretary of the United States Department of Health and Human Services from 1989 to 1993. He has served as a United Therapeutics director since 2002 and his term expires in 2006.

Director Independence

The Board of Directors has determined that (i) Professors Dwek and Patusky are independent in accordance with Rule 4200(a)(15) of the NASDAQ listing standards, (ii) Dr. Jeffs and Dr. Rothblatt are not independent in accordance with Rule 4200(a)(15) of the NASDAQ listing standards due to Dr. Jeffs employment as President and Chief Operating Officer of United Therapeutics and Dr. Rothblatt's employment as Chairman and Chief Executive Officer of United Therapeutics, (iii) Raymond Kurzweil is not independent in accordance with Rule 4200(a)(15) of the NASDAQ listing standards due to certain payments received in connection with the marketing and consulting agreements described below under CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, and that (iv) Mr. Causey, Mr. Gray and Dr. Sullivan, who are not standing for election at the 2005 Annual Meeting, are independent under Rule 4200(a)(15) of the NASDAQ listing standards.

Board Committees

The Board of Directors has established an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. The Board of Directors has determined that all members of these committees meet the definition of independence set forth in Rule 4200(a)(15) of the NASDAQ listing standards. In addition, the Board has determined that the Audit Committee members meet the independence standards set forth in Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended.

Audit Committee

Members: R. Paul Gray (Chair), Christopher Causey, M.B.A., and Christopher Patusky, J.D., M.G.A.

The Audit Committee of the Board of Directors held seven meetings during 2004. The Charter for the Audit Committee may be accessed electronically in the Corporate Governance section of the About page of our website located at www.unither.com or by writing to us at United Therapeutics Corporation, Attention: Secretary, 1110 Spring Street, Silver Spring, Maryland 20910. The Audit Committee's responsibilities include: (a) assisting the Board in its oversight responsibilities regarding the integrity of United Therapeutics' financial statements and the independent registered public accounting firm's qualifications and independence; (b) preparing the report required by the United States Securities and Exchange Commission for inclusion in United Therapeutics' annual proxy statement; (c) retaining and terminating United Therapeutics' independent auditors; (d) approving in advance all audit and non-audit services to be performed by the independent auditors; (e) approving related party transactions; and (f) performing such other functions as the Board may from time to time assign to the Committee. United Therapeutics' Board of Directors has determined that Mr. Gray, the Audit Committee Chairman, is an audit committee financial expert as defined in the rules and regulations of the Securities and Exchange Commission and meets the financial sophistication requirements of the NASDAQ listing standards.

Compensation Committee

Members: Christopher Causey, M.B.A. (Chair), R. Paul Gray, and Louis W. Sullivan, M.D.

The Compensation Committee of the Board of Directors held six meetings during 2004. The Charter for the Compensation Committee may be accessed electronically in the Corporate Governance section of the About page of our website located at www.unither.com or by writing to us at United Therapeutics Corporation, Attention: Secretary, 1110 Spring Street, Silver Spring, Maryland 20910. The Compensation Committee's responsibilities include (a) overseeing United Therapeutics' incentive compensation plans and equity-based plans, (b) assisting the Board in ensuring that a proper system of long-term and short-term compensation is in place to provide performance-oriented incentives to attract and retain management, and that compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and United Therapeutics; (c) discharging the Board's

responsibilities relating to compensation of United Therapeutics executive officers; (d) evaluating United Therapeutics Chief Executive Officer and setting her remuneration package; (e) preparing an annual report on executive compensation for inclusion in United Therapeutics annual proxy statement; (f) making recommendations to the Board with respect to incentive-compensation plans and equity-based plans; and (g) performing such other functions as the Board may from time to time assign to the Compensation Committee. As part of its responsibilities, the Compensation Committee administers United Therapeutics 1997 Equity Incentive Plan, as amended and restated.

Nominating and Governance Committee

Members: Christopher Patusky, J.D., M.G.A (Chair), Raymond Dwek, F.R.S., and Louis W. Sullivan, M.D.

The Nominating and Governance Committee of the Board of Directors held two meetings during 2004. The Charter for the Nominating and Governance Committee may be accessed electronically in the Corporate Governance section of the About page of our website located at www.unither.com or by writing to us at United Therapeutics Corporation, Attention: Secretary, 1110 Spring Street, Silver Spring, Maryland 20910. The Nominating and Governance Committee's responsibilities include: (a) assisting the Board in determining the desired experience, mix of skills and other qualities to assure appropriate Board composition, taking into account the current Board members and the specific needs of United Therapeutics and the Board; (b) identifying qualified individuals meeting those criteria to serve on the Board; (c) proposing to the Board a slate of nominees for election by the stockholders at the Annual Meeting of Stockholders and prospective director candidates in the event of the resignation, death, removal or retirement of directors or a change in Board composition requirements; (d) reviewing candidates nominated by stockholders for election to the Board and stockholder proposals submitted for inclusion in United Therapeutics proxy materials; (e) developing plans regarding the size and composition of the Board and its committees; (f) proposing to the Board directors to serve as chairpersons and members on committees of the Board; (g) coordinating matters among committees of the Board; (h) reviewing management succession plans; (i) developing, evaluating, recommending to the Board and monitoring all matters with respect to governance of United Therapeutics; (j) monitoring compliance by United Therapeutics with its legal and regulatory obligations; (k) serving as the Qualified Legal Compliance Committee within the meaning of §307 of the Sarbanes-Oxley Act of 2002; (l) conducting certain independent investigations into allegations of material violations; and (m) such other functions as the Board may from time to time assign to the Nominating and Governance Committee. The Nominating and Governance Committee will consider stockholder recommendations for director. The procedure for nominating a director at the 2006 Annual Meeting of Stockholders is described under DIRECTOR NOMINATIONS below.

Meetings of the Board

In addition to Board committee meetings, the Board of Directors held six meetings during 2004. All directors attended seventy-five percent or more of all Board meetings and committee meetings for the committees on which each director served in 2004. In accordance with applicable NASDAQ rules, the independent members of the Board of Directors met in executive session twice during 2004. United Therapeutics does not have a formal policy regarding directors' attendance at annual stockholders meetings. Although United Therapeutics Board of Directors encourages all Board members to attend such meetings, such attendance is not mandatory. Five Board members attended the 2004 Annual Meeting of Stockholders.

Non-Employee Director Compensation

Each director who is not an employee of United Therapeutics receives a combination of cash compensation and stock option grants for their service to United Therapeutics. In addition to this compensation, members of the Board are also eligible for reimbursement for expenses incurred in connection with attendance at Board and committee meetings and related activities in accordance with United Therapeutics policy.

The following table describes United Therapeutics' compensation practices for non-employee directors during 2004:

	2004 Non-Employee Director Compensation	
	Annual Cash	Annual Stock Option Award (#)
Board Membership	\$ 10,600	9,500
Committee Chairmanship(1):		
Audit Committee	\$ 9,000	3,750
Other Committees	\$ 6,000	3,750
Committee Membership(1):		
Audit Committee	\$ 4,500	1,250
Other Committees	\$ 3,000	1,250

(1) Cash and stock option awards for committee chairmanship and committee membership were paid in addition to amounts for Board membership.

In April 2005, the Board approved the following compensation levels effective April 1, 2005:

	2005 Non-Employee Director Compensation		
	Annual Cash	Stock Option Awards Initial (#)	Annual (#)
Board Membership	\$ 25,000	20,000	15,000
Lead Director(2)	\$ 25,000		
Committee Chairmanship(3):			
Audit Committee	\$ 20,000		
Compensation Committee	\$ 15,000		
Nominating & Governance Committee	\$ 10,000		
Committee Membership(3):			
Audit Committee	\$ 10,000		
Compensation Committee	\$ 7,500		