

UNITED THERAPEUTICS CORP
Form DEF 14A
April 30, 2007
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 x

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))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §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)

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- x No fee required.
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 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of stockholders of United Therapeutics Corporation will be held at United Therapeutics headquarters, 1110 Spring Street, Silver Spring, Maryland 20910, on Tuesday, June 26, 2007, at 9:00 a.m. for the following purposes:

1. To elect two Class II directors for terms expiring at the 2010 annual meeting of stockholders. Our Board of Directors has nominated the following persons for election as Class II directors at the meeting: Christopher Causey and R. Paul Gray; 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 1, 2007, are entitled to notice of, and to vote at, the meeting.

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 TO ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING.

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

By Order of the Board of Directors,

Paul A. Mahon
Secretary

May 1, 2007
Silver Spring, Maryland

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UNITED THERAPEUTICS CORPORATION

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

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

This proxy statement and enclosed proxy are furnished on or about May 1, 2007, 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 2007 annual meeting of stockholders. The annual meeting will be held on Tuesday, June 26, 2007, beginning at 9:00 a.m. Eastern Daylight Savings Time at our corporate 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 our 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.

We will bear the cost of soliciting proxies. 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. Officers and other employees of United Therapeutics may solicit proxies in person or by telephone, fax, email or regular mail, and they will receive no additional compensation if they do so. At the close of business on May 1, 2007 (the Record Date), there were 20,782,575 shares of our common stock 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

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Our Board of Directors consists of eight members and is divided into three classes of directors. At each annual meeting of stockholders, members of one of the classes, on a rotating basis, are elected for a three-year term. At this meeting, Christopher Causey and R. Paul Gray are nominees for election as Class II directors for terms expiring at the 2010 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 that are returned duly executed will be voted, unless otherwise specified, in favor of these two nominees for our Board of Directors. All of the nominees are current members of our Board of Directors.

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 two 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 two nominees named on the proxy card. Each of the 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 in the proxy intend to vote for the election of, in such nominee's stead, such other person as is recommended to the Board of Directors by our Board of Directors' Nominating and Governance Committee.

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**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF THE
NOMINEES AS CLASS II 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 our Board of Directors, principal occupations or affiliations during the last five years or more, and certain other directorships held. For additional information concerning the nominees for directors, including stock ownership and compensation, see the tables entitled *Director Compensation in Fiscal Year 2006* and *Beneficial Ownership of Common Stock* and the section entitled *Compensation Discussion and Analysis* below.

Nominees for Election at the 2007 Annual Meeting of Stockholders

Christopher Causey, M.B.A.

Age 45

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 for a variety of healthcare 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 has served as a United Therapeutics director since 2003.

R. Paul Gray

Age 43

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 August 2005, Mr. Gray has served as a director of TenthGate, Inc., a private medical holding company. Since March 2006, Mr. Gray has served as Chairman of the Board of Red Branch Technologies, Inc., a private travel technology company. Since July 2006, Mr. Gray has served as a director of Elevated Security, Inc., a private energy solutions company. From May 2004 to May 2005, Mr. Gray served a one-year term as a director of Earth Search Sciences, Inc., a publicly traded company. From September 2001 to May 2004, Mr. Gray served as Director and Chief Financial Officer of Power3 Medical Products, Inc., a publicly traded company. From 2003 to November 2004, Mr. Gray 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. 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). He has served as a United Therapeutics director since 2003.

Directors Continuing in Office

Raymond Dwek, F.R.S.

Age 65

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. 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 he served as a member of its Board of Directors until its sale in 2003. He is also the 2007 Kluge Chair of Technology and Society at the U.S. Library of Congress. Professor Dwek and his team at Oxford University are the discoverers of our glycobiology platform. He has served as a United Therapeutics director since 2002 and his current term expires in 2008.

Roger Jeffs, Ph.D.

Age 45

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. From 1995 to 1998, Dr. Jeffs worked at Amgen, Inc. as Manager of Clinical Affairs and Associate Director of Clinical Research, where he served as the worldwide clinical leader of the Infectious Disease Program. 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 and his current term expires in 2008.

Raymond Kurzweil

Age 59

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, fourteen 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. He has served as a United Therapeutics director since 2002 and his current term expires in 2009.

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

Age 43

Vice Chairman
Lead Director
Chairman, Nominating and Governance Committee
Member, Audit Committee

Professor Patusky is the Executive Director and a member of the faculty of the Fels Institute of Government at the University of Pennsylvania, where he has worked since January 2002. He has served as a United Therapeutics director since 2002 and his current term expires in 2008.

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

Age 52

Chairman

Dr. Rothblatt started United Therapeutics in 1996 and has served as Chairman and Chief Executive Officer since its inception. Prior to creating United Therapeutics, she created and served as Chairman and Chief Executive Officer of Sirius Satellite Radio. 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 and her current term expires in 2009.

Louis Sullivan, M.D.

Age 73

Member, Compensation Committee Member, Nominating and Governance Committee

Dr. Sullivan currently serves as a Director of Henry Schein, Inc., BioSante Pharmaceuticals, Inc., Inhibitex, Inc. and Emergent BioSolutions, Inc., all publicly traded companies. Dr. Sullivan was the founding President of Morehouse School of Medicine, from 1981 to 1989 and 1993 to 2002, and he is now President Emeritus of Morehouse School of Medicine. Dr. Sullivan was also 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 current term expires in 2009.

Director Independence

Our Board of Directors has determined that: (i) Mr. Causey and Mr. Gray 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 our President and Chief Operating Officer and Dr. Rothblatt's employment as our Chairman and Chief Executive Officer; (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 in the section entitled *Certain Relationships and Related Transactions* below; and (iv) Dr. Sullivan, Professor Dwek and Professor Patusky, who are not standing for election at the 2007 annual meeting, are independent under Rule 4200(a)(15) of the NASDAQ listing standards.

Lead Director

Professor Christopher Patusky serves as our Lead Director. Professor Patusky also serves as the Chairman of the Nominating and Governance Committee. The charter of the Nominating and Governance Committee requires that the Committee's Chairman convene and preside over regular meetings of the independent directors and, when serving in such capacity, this person is referred to as the Lead Director of our Board of Directors. The Lead Director organizes and chairs meetings of the independent directors that take place at least quarterly where company business can be discussed outside the presence of the non-independent directors and members of management. The Lead Director also serves as the official liaison between the independent directors and members of management.

Committees of our Board of Directors

Our Board of Directors has established an Audit Committee, a Compensation Committee, and a Nominating and Governance Committee. Our 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, our Board of Directors 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.

The charter for each committee may be accessed electronically in the Corporate Governance section of the About page of our website located at <http://www.unither.com>, or by writing to us at United Therapeutics Corporation, Attention: Secretary, 1110 Spring Street, Silver Spring, Maryland 20910.

Audit Committee

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

The Audit Committee of our Board of Directors held six meetings during 2006. The Audit Committee's responsibilities include: (a) assisting our Board of Directors in its oversight responsibilities regarding the integrity of our financial statements and the independent registered public accounting firm's qualifications and independence; (b) preparing the report required by the Securities and Exchange Commission for inclusion in our annual proxy statement; (c) retaining and terminating our 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 our Board of Directors may from time to time assign to the Audit Committee. Our 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. All of the members of the Committee meet the financial sophistication requirements of the NASDAQ listing standards.

Compensation Committee

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

The Compensation Committee of our Board of Directors held three meetings during 2006. The Compensation Committee's responsibilities include: (a) overseeing our incentive compensation plans and equity-based plans; (b) assisting our Board of Directors 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 our management; (c) discharging our Board of Directors' responsibilities relating to compensation of our Named Executive Officers; (d) evaluating our Chief Executive Officer and setting her remuneration package; (e) preparing an annual report on executive compensation for inclusion in our annual proxy statement; (f) making recommendations to our Board with respect to incentive-compensation plans and equity-based plans; and (g) performing such other functions as our Board of Directors may from time to time assign to the Compensation Committee. As part of its responsibilities, the Compensation Committee administers our 1997 Equity Incentive Plan, as amended and restated (the "Amended and Restated Equity Incentive Plan").

Nominating and Governance Committee

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

The Nominating and Governance Committee of our Board of Directors held one meeting during 2006. The Nominating and Governance Committee's responsibilities include: (a) assisting our Board of Directors in determining the desired experience, mix of skills and other qualities to ensure appropriate composition of our Board of Directors, taking into account current members of our Board of Directors and our specific needs; (b) identifying qualified individuals meeting those criteria to serve on our Board of Directors; (c) proposing to our Board of Directors 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 the composition requirements of our Board of Directors; (d) reviewing candidates nominated by stockholders for election to our Board of Directors and stockholder proposals submitted for inclusion in our proxy materials; (e) developing plans regarding the size and composition of our Board of Directors and its committees; (f) proposing to our Board of Directors to serve as chairpersons and members on committees of our Board of Directors; (g) coordinating matters among committees of our Board of Directors; (h) reviewing management succession plans; (i) developing, evaluating and recommending to our Board of Directors and monitoring all matters with respect to our governance; (j) monitoring our compliance with our 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) performing such other functions as our Board of Directors may from time to time assign to the Nominating and Governance Committee. The Nominating and Governance Committee will consider stockholder recommendations for directors submitted in compliance with the procedure for nominating a director. The procedure for nominating a director at the 2008 annual meeting of stockholders is described in the section entitled ***Director Nominations*** below.

Meetings of our Board of Directors

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In addition to the meetings of its committees, our Board of Directors held six meetings during 2006. All directors attended every meeting of the Board of Directors and every committee meeting for the committees on which they served during our 2005-2006 Board service year. In accordance with applicable NASDAQ rules, the independent members of our Board of Directors met without management present

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four times during 2006. We do not have a formal policy regarding directors' attendance at annual stockholders meetings. Although our Board of Directors encourages all members of our Board of Directors to attend such meetings, their attendance is not mandatory. Six members of our Board of Directors attended the 2006 annual meeting of stockholders.

Non-Employee Director Compensation

Description of Non-Employee Director Compensation

Our directors play a critical role in guiding our strategic direction and overseeing our management. Recent developments in corporate governance and financial reporting have resulted in an increased demand for highly qualified and productive public company directors.

The many responsibilities and the substantial time commitment of being a director require that we provide adequate compensation commensurate with our directors' workloads and opportunity costs. Our non-employee directors are compensated based upon their levels of participation and responsibilities with respect to our Board of Directors, including service on committees of our Board of Directors. Non-employee directors receive a combination of annual cash retainers and stock option grants in amounts that correlate to the responsibilities of each director in his or her service to United Therapeutics. In addition to this compensation, members of our Board of Directors are also eligible for reimbursement of expenses incurred in connection with attendance at Board of Directors and committee meetings and related activities, in accordance with our policy. Our two employee directors, Dr. Rothblatt and Dr. Jeffs, receive no additional compensation for their service as directors.

The following table describes our compensation practices for non-employee directors during 2006. This compensation arrangement was approved by our Board of Directors in April 2005 and will remain in effect for 2007:

Non-Employee Director Compensation

	Annual Cash	Stock Option Awards(3)	
		Initial (#)	Annual (#)
Board Membership	\$ 25,000	20,000	15,000
Lead Director(1)	\$ 25,000		
Committee Chairmanship(2):			
Audit Committee	\$ 20,000		
Compensation Committee	\$ 15,000		
Nominating and Governance Committee	\$ 10,000		
Committee Membership(2):			
Audit Committee	\$ 10,000		
Compensation Committee	\$ 7,500		
Nominating and Governance Committee	\$ 5,000		

(1) Compensation for service as Lead Director is paid in addition to amounts for Board membership 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 for Board membership.

(3) Awards are granted once per year on the date of the annual meeting of stockholders.

Our non-employee directors receive stock option grants under our Amended and Restated Equity Incentive Plan. Non-employee directors' initial and annual stock option awards are granted with an exercise price equal to the closing price of our common stock as reported on the NASDAQ Stock Market.

on the date of our annual meeting of stockholders. These stock options will fully vest only if the director attends at least 75% of the meetings of our Board of Directors and his or her Board of Directors committee meetings from the time of grant until the next annual meeting of stockholders. During 2006, we granted options to purchase 90,000 shares to our current non-employee directors, with an exercise price of \$55.40 per share.

Directors may also be compensated for special assignments delegated by our Board of Directors. No such compensation was paid during 2006.

The following table lists the 2006 compensation earned by each non-employee director:

Non-Employee Director Compensation in Fiscal Year 2006

Name	Fees Earned or Paid in Cash \$(1)	Option Awards \$(2)		Total (\$)
Christopher Causey	\$ 50,000	\$ 302,145	(3)	\$ 352,145
Raymond Dwek	30,000	302,145	(4)	332,145
Paul Gray	52,500	302,145	(5)	354,645
Raymond Kurzweil	25,000	302,145	(6)	327,145
Christopher Patusky	70,000	302,145	(7)	372,145
Louis Sullivan	37,500	302,145	(8)	339,645
Total	\$ 265,000	\$ 1,812,870		\$ 2,077,870

(1) Includes annual cash retainer and fees for serving on our Board of Directors and committees of our Board of Directors (and, in the case of Christopher Patusky, for serving as Lead Director).

(2) Includes annual stock option grants for all members of our Board of Directors. Represents the amount of compensation cost recognized by us in fiscal 2006 related to stock option awards granted in fiscal 2006 and prior years, in accordance with SFAS No. 123R. For a discussion of valuation assumptions see Note 6, Stockholder Equity to our 2006 Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2006.

(3) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Mr. Causey in fiscal 2006 was \$302,145. As of December 31, 2006, Mr. Causey had 31,750 options outstanding, of which 16,750 were exercisable.

(4) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Prof. Dwek in fiscal 2006 was \$302,145. As of December 31, 2006, Prof. Dwek had 73,439 options outstanding, of which 58,439 were exercisable.

(5) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Mr. Gray in fiscal 2006 was \$302,145. As of December 31, 2006, Mr. Gray had 40,000 options outstanding, of which 25,000 were exercisable.

(6) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Mr. Kurzweil in fiscal 2006 was \$302,145. As of December 31, 2006, Mr. Kurzweil had 40,077 options outstanding, of which 25,077 were exercisable.

(7) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Prof. Patusky in fiscal 2006 was \$302,145. As of December 31, 2006, Prof. Patusky had 63,333 options outstanding, of which 48,333 were exercisable.

(8) The grant date fair value, pursuant to SFAS No. 123R, of the stock option awards issued to Dr. Sullivan in fiscal 2006 was \$302,145. As of December 31, 2006, Dr. Sullivan had 65,854 options outstanding, of which 50,854 were exercisable.

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Stockholder Communication with Directors

We do not have a process by which stockholders may send communications directly to our Board of Directors. Instead, stockholders are encouraged to address any communications with directors to our Secretary by overnight mail, acceptance signature required, at United Therapeutics Corporation, Attention: Secretary, 1110 Spring Street, Silver Spring, Maryland 20910. The Secretary will process and direct the communication to the appropriate director, officer or employee for response. Stockholders will receive a written acknowledgement from the Secretary upon receipt of such written communication. Stockholders have the option of reporting concerns anonymously and confidentially.

Beneficial Ownership of Common Stock

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The following table sets forth certain information as of March 31, 2007 (unless otherwise specified), with respect to the beneficial ownership of our common stock by each person who we know beneficially owns more than 5% of the outstanding shares of our common stock, each director and nominee, each of our Named Executive Officers (which, for 2006, included our Chief Executive Officer, our current Chief Financial Officer, our former Chief Financial Officer, who resigned this position in 2006, our President and Chief Operating Officer and our Executive Vice President, Strategic Planning and General Counsel) and all of our directors and executive officers as a group. Unless otherwise noted, the address of each person listed below is our address.

Name	Number of Shares of Common Stock Beneficially Owned(1)	Percentage of Outstanding Shares(2)
Janus Capital Management, LLC(3) 151 Detroit Street Denver, Colorado 80206	2,561,753	12.4 %
Fred Alger Management, Inc.(3)(4) 111 Fifth Avenue New York, New York 10003	1,700,000	8.2 %
Delaware Management Holding(3) 2005 Market Street Philadelphia, Pennsylvania, 19103	1,691,930	8.2 %
Ziff Asset Management, L.P.(3)(5) 283 Greenwich Avenue Greenwich, Connecticut 06830	1,550,815	7.5 %
GLG Partners LP(3)(6) 1 Curzon Street London, W1J 5HB, England	1,545,497	7.5 %
Morgan Stanley(3)(7) 1585 Broadway New York, New York 10036	1,514,864	7.3 %
Martine Rothblatt(8) Kingdon Capital Management(3)(9) 157 West 57th Street, 50th Floor New York, New York 10019	1,516,112	6.6 %
Deutsche Bank AG(3) Taunusanlage 12 D-60325 Frankfurt, AM Main Germany I8	1,234,400	6.0 %
Shumway Capital Partners LLC(3) One Fawcett Place Greenwich, Connecticut 06830	1,126,507	5.4 %
Roger Jeffs(10)	298,647	1.3 %
Fred Hadeed(11)	201,002	*
Paul Mahon, J.D.(12)	158,232	*
Raymond Dwek, F.R.S.(13)	58,439	*
Christopher Patusky, J.D.(14)	52,183	*
Louis Sullivan, M.D.(15)	50,854	*
John Ferrari(16)	25,869	*
R. Paul Gray(17)	25,000	*
Raymond Kurzweil(18)	20,500	*
Christopher Causey(19)	18,250	*
All directors and executive officers as a group (11 persons)(20)	2,425,088	10.6 %

* Less than one percent.

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes ownership of those shares over which the person has sole or shared voting or investment power. Beneficial ownership also includes ownership of shares of stock

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subject to rights, options and warrants currently exercisable or convertible, or exercisable or convertible within 60 days after March 31, 2007. Except where indicated otherwise, and subject to community property laws where applicable, to our knowledge, the persons listed in the table above have sole voting and investment power with respect to their shares of common stock.

(2) Ownership percentage is based on 22,937,828 shares of common stock outstanding on March 31, 2007, plus, as to the holder thereof and no other person, the number of shares (if any) that the person has the right to acquire as of March 31, 2007, or within 60 days after March 31, 2007, through the exercise of stock options or other similar rights.

(3) Beneficial ownership information obtained from a Schedule 13G, or amendment thereto, filed by the named beneficial holder between January 2007 and April 2007. This information is as of the Schedule 13G filing date.

(4) The Schedule 13G was filed on behalf of Fred Alger Management Inc., Alger Associates, Incorporated, Fred Alger & Company and Fred M. Alger III. The address of principal business office for each of these Reporting Persons is 111 Fifth Avenue, 2nd Floor, New York, New York 10003.

(5) The Schedule 13G was filed on behalf of Ziff Asset Management, L.P., PBK Holdings, Inc., Philip B. Korsant and ZBI Equities, L.L.C. The address of principal business office for each of these Reporting Persons is 283 Greenwich Avenue, Greenwich, Connecticut 06830.

(6) The Schedule 13G was filed on behalf of GLG Partners, LLC, Noam Gottseman, Pierre Lagrange and Emmanuel Roman. The address of the principal business office for each of these Reporting Persons is 1 Curzon Street, London W1J 5HB, United Kingdom.

(7) The Schedule 13G was filed on behalf of Morgan Stanley and Morgan Stanley & Co. International Limited. The address of principal business office for Morgan Stanley is 1585 Broadway, New York, New York 10036 and 25 Cabot Square, Canary Wharf, London E14 4QA, England for Morgan Stanley & Co.

(8) Includes 85,681 shares and 1,468 currently exercisable options to purchase shares held by Dr. Rothblatt's spouse. Dr. Rothblatt disclaims beneficial ownership of all shares and options held by her spouse. Also includes 200,133 shares held in margin accounts, of which 68,531 are subject to a pledge agreement.

(9) The Schedule 13G was filed on behalf of Kingdon Capital Management, LLC and Mark Kingdon. The address of principal business office for each of these Reporting Persons is 152 West 57th Street, 50th Floor, New York, New York 10019.

(10) Includes currently exercisable options to purchase 286,174 shares. Also includes 11,315 shares held in a margin account, of which 7,815 are subject to a pledge agreement.

(11) Includes currently exercisable options to purchase 200,002 shares.

(12) Includes currently exercisable options to purchase 145,232 shares. Also includes 13,000 shares held in a margin account, of which 12,000 are subject to a pledge agreement.

(13) Includes currently exercisable options to purchase 25,869 shares.

(14) Includes currently exercisable options to purchase 58,439 shares. Also includes 3,850 shares held in a margin account.

(15) Includes currently exercisable options to purchase 48,333 shares.

(16) Includes currently exercisable options to purchase 50,854 shares.

(17) Includes currently exercisable options to purchase 25,000 shares.

(18) Includes currently exercisable options to purchase 20,500 shares.

(19) Includes currently exercisable options to purchase 16,750 shares. Also includes 1,800 shares held in a margin account.

(20) Includes currently exercisable options to purchase 2,193,069 shares.

Compensation Committee Report

The Compensation Committee of our 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, our Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated into our Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

Compensation Committee

Christopher Causey

(Chair)

R. Paul Gray

Louis Sullivan

Compensation Discussion and Analysis

Our compensation philosophy is to create appropriate incentives for our executive officers to both achieve desirable goals for our company and to remain as executive officers for the benefit of our company.

Our Named Executive Officers, a group comprised of our Chief Executive Officer, our Chief Financial Officer, and the three other most highly compensated executive officers in 2006, are the following five individuals:

Martine Rothblatt, Ph.D.	Chief Executive Officer
Roger Jeffs, Ph.D.	President and Chief Operating Officer
Fred Hadeed	Former Executive Vice President, Business Development and Former Chief Financial Officer
Paul Mahon, J.D.	Executive Vice President, Strategic Planning and General Counsel
John Ferrari	Chief Financial Officer and Treasurer

This Compensation Discussion and Analysis will disclose material information about our compensation objectives and policies for our Named Executive Officers, including executive pay decisions and processes, compensation guiding principles and all elements of our executive compensation program.

Executive Pay Decisions and Process

Role of the Compensation Committee

The Compensation Committee of our Board of Directors (the Compensation Committee or Committee) oversees our compensation plans and policies, annually reviews and approves all decisions concerning compensation for our Named Executive Officers and administers our stock option plans, including reviewing and approving stock option grants to our Named Executive Officers and employees. The Compensation Committee's Charter, which is periodically reviewed and revised by our Compensation Committee and our Board of Directors, outlines the Committee's specific responsibilities. The Charter for the Compensation Committee may be accessed electronically in the Corporate Governance section of the About page of our website located at <http://www.unither.com>.

Use and Role of Outside Advisors

The Compensation Committee has the authority to engage the services of outside advisers, experts and others for assistance in determining the compensation of our Named Executive Officers. In accordance with this authority, the Committee directly engages Compensia, Inc. as its independent compensation consultant to advise on compensation practices and policies. Compensia does not advise our management or perform other services for our company. For 2006, Compensia performed the following tasks for us:

- Reviewed the Compensation Committee Chairman's and Chief Executive Officer's executive compensation recommendations;
- Prepared tally sheets for our Named Executive Officers;
- Advised the Compensation Committee on implementation of the Supplemental Executive Retirement Plan;
- Assisted with the preparation of this Compensation Discussion and Analysis;

- Assisted in development of John Ferrari's compensation package upon promotion to Chief Financial Officer;
- Assisted in development of Fred Hadeed's severance package upon retirement;
- Reviewed and assembled peer groups of companies for benchmarking of executive compensation; and
- Conducted quarterly financial performance analysis.

Meetings of the Compensation Committee

At a minimum, the Compensation Committee meets three times each year. The Compensation Committee meets twice to determine the cash and equity incentive bonus compensation for our Named Executive Officers, which is awarded bi-annually. For 2006, the Committee met at the end of 2005 to determine base salaries and maximum cash and equity incentive bonus targets for our Named Executive Officers. The Committee acts by unanimous consent resolution between meetings.

Role of Our Chief Executive Officer in Compensation Decisions

Our Chief Executive Officer, Dr. Rothblatt, is not involved in making determinations about her own compensation, but her recommendations are considered regarding the proposed compensation of our other Named Executive Officers. The ultimate decision regarding all executive compensation rests with the Committee.

Compensation Guiding Principles

Executive Compensation Philosophy

Our executive compensation program is designed to achieve four primary objectives: (i) attract and retain executive officers capable of leading United Therapeutics to the ultimate fulfillment of our business objectives; (ii) offer competitive compensation opportunities that reward individual contributions and corporate performance; (iii) align the interests of executive officers and stockholders through long-term equity compensation; and (iv) ensure that total compensation is commensurate with the performance and value created for stockholders. In furtherance of this last objective, the Compensation Committee believes that substantial portions of total potential compensation for our Named Executive Officers should be at risk, or dependent on our achieving pre-determined goals.

In addition to the objectives described above, on January 4, 2006, our Board of Directors ratified a proposal developed by the Compensation Committee to establish five overarching principles intended to embody our highest strategic priorities and that could be adapted for use in compensation determinations starting in 2006. We call these five principles our Five Strategic Objectives. We believe these objectives are critical to promoting stockholder value in a relatively small and rapidly growing company.

Five Strategic Objectives

- Achieve annual growth in the top quintile of our peer group
- Communicate accurately and effectively our clinical information to prescribers
- Develop and manufacture the best possible medicines from our intellectual property platforms
- Conduct the most insightful, clinically meaningful trials
- Operate with the highest ethical standards

Our Five Strategic Objectives were distilled from ten strategic objectives, or milestones, that were used as the basis for compensation decisions prior to 2006. The Compensation Committee believed that

condensing the previous ten objectives to five would make it easier for the Committee to apply the objectives in making compensation decisions and also give our employees a clearer strategic focus. The Five Strategic Objectives are used to guide the determinations of the Compensation Committee in two ways. First, the Compensation Committee uses the Five Strategic Objectives to establish the five performance metrics that, in turn, are used to determine the level of payout under the cash-based incentive bonus program known as our Company-wide Milestone Incentive Bonus Program. These performance metrics are meant to challenge our Named Executive Officers; therefore, they are difficult to meet. For 2006, 60% of these metrics were achieved. This program is described in detail in the section entitled *Milestone Bonus Compensation* below. Second, the Committee looks generally to the Five Strategic Objectives when it is called upon to make more subjective determinations regarding equity incentive bonus compensation for our Named Executive Officers other than our Chief Executive Officer, Dr. Rothblatt. Equity incentive bonus compensation for Dr. Rothblatt is determined at the end of each calendar year in accordance with a formula set forth in her employment agreement, as amended, based on the average closing bid price of our stock for the month of December.

Benchmarking of Compensation and Other Factors Affecting Compensation Decisions

As one factor in its compensation decisions, the Compensation Committee benchmarks the compensation practices of two peer groups in order to assess the competitiveness of proposed base salaries, annual maximum cash incentive bonus targets and annual maximum equity incentive bonus targets for our Named Executive Officers. The first peer group (the Similarly Situated Peer Group) includes biopharmaceutical and biotech companies that are labor market competitors for executive talent and/or are in a similar range with respect to several metrics, principally market capitalization, revenues, and number of employees. For 2006, the Similarly Situated Peer Group was comprised of the following companies:

- Charles River Laboratories, Inc.
- Encysive Pharmaceuticals Inc.
- Integra LifeSciences Holdings Corporation
- King Pharmaceuticals, Inc.
- Ligand Pharmaceuticals, Inc.
- Martek Biosciences Corporation
- Medicis Pharmaceutical Corporation
- Millennium Pharmaceuticals, Inc.
- Nabi Biopharmaceuticals
- Neurocrine Biosciences, Inc.
- Pharmion Corporation
- PDL Biopharma, Inc.
- QLT Inc. (USA)
- Techne Corporation
- Valeant Pharmaceuticals International
- Vertex Pharmaceuticals Incorporated

- ZymoGenetics, Inc.

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The second peer group (the High Performing Peer Group) includes biopharmaceutical and biotech companies deemed to be industry leaders as measured by financial performance, stockholder value creation and drug development and commercialization, and which compete with us for management talent. For 2006, the High Performing Peer Group was comprised of the following companies:

- Allergan, Inc.
- Amgen, Inc.
- Barr Pharmaceuticals, Inc.
- Biogen Idec Inc.
- Celgene Corporation
- Forest Laboratories, Inc.
- Genentech, Inc.
- Genzyme Corporation
- Gilead Sciences, Inc.
- ImClone Systems Incorporated
- Invitrogen Corporation
- MedImmune, Inc.
- Sepracor Inc.

With the assistance of Compensia, the Committee reviews the executive pay practices of these peer companies as reported in industry surveys, public filings of specific companies and reports from compensation consulting firms. The Committee compares its proposed base salaries and annual maximum Milestone Bonus and equity incentive bonus targets for our Named Executive Officers with those of both peer groups. For 2006, total direct compensation paid to our Named Executive Officers (i.e., base salary, Milestone Bonus and equity incentive bonus) was generally in the fourth quintile of the Similarly Situated Peer Group and the second quintile of the High-Performing peer group.

The Committee reviews the Similarly Situated and High Performing Peer Groups annually and adjustments are made as necessary to ensure that these groups continue to properly reflect the market in which we compete for talent.

In addition to benchmarking, the Committee also takes into account trends in executive compensation and, on that basis, may make adjustments, up or down, to benchmarked levels. The Committee reviews tally sheets for our Named Executive Officers that outline the value of all elements associated with their compensation so that the Committee has a clear understanding of total compensation when making its final determinations.

Finally, for 2006 compensation decisions, the Committee recognized the fact that we are one of only a small group of consistently profitable biotechnology companies, with twelve consecutive quarters of profitability and four consecutive years of near 40% annual revenue growth

Discussion of the Components of our Executive Compensation Program and Review of 2006 Executive Compensation Decisions

Summary of 2006 Compensation

Total compensation for 2006 for our Named Executive Officers is outlined in the table entitled *Summary Compensation* below. For more details on compensation coming directly from the exercise of stock options, please see the table entitled *Option Exercises and Stock Vested in Fiscal Year 2006* in the section entitled *Equity Incentive Bonus Compensation* below.

Summary Compensation Table

Name and Principal Position	Year	Base Salary	Stock Awards	Option Awards(1)	Non-Equity Incentive Plan Compensation(2)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation(3)	Total
Martine Rothblatt, CEO	2006	\$ 725,000	\$	\$	\$ 300,000	\$ 5,204,200(4)	\$ 9,500	\$ 6,238,700
Roger Jeffs, President	2006	650,000		2,548,100	210,000	3,133,500 (4)	8,500	6,550,100
Paul Mahon, Exec. VP	2006	560,000		1,957,500	120,000	2,394,100 (4)	10,100	5,041,700
John Ferrari, CFO(5)	2006	199,400		302,600	50,000	581,300 (6)	4,700	1,138,000
Fred Hadeed, CFO(7)	2006	588,300		5,808,900	75,000		1,476,400	7,948,600

(1) Represents the amount of compensation cost recognized by us in fiscal 2006 related to stock option awards granted in fiscal 2006 and prior years, in accordance with SFAS No. 123R. For a discussion of valuation assumptions see Note 6 to our 2006 Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2006. In accordance with the terms of her employment agreement, as amended, Dr. Rothblatt is eligible to receive an annual award of stock 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 from its average in December of each year based on the average closing bid price of our stock for the month of December. Prior to grant, the Compensation Committee may reduce the number of stock options determined by this contractual formula. For 2006, Dr. Rothblatt received no options.

(2) The Milestone Bonus for performance for 2006 was paid in two parts. The first payment was made in September of 2006 (for the period beginning on January 1, 2006, and ending on June 30, 2006), and the second payment was made in March of 2007 (for the period beginning on July 1, 2006, and ending on December 31, 2006). This column reflects payments for both periods.

(3) The amounts reported in this column represent the value of the percentage of personal use by Named Executive Officers that can be attributed to lease payments made on vehicles leased by us, travel for family members to our functions, and our matching contributions under our 401(k) Plan equal to 20% of each participant's qualifying salary contributions.

(4) These executive officers entered our Supplemental Executive Retirement Plan (SERP) at its inception and no benefits accrued for their service period prior to entering the plan. The present value of accumulated benefits calculation includes non-service related benefits, that is, it assumes continued service until participants reach age 60. The value in this column is based on accumulated benefits projected at age 60 based on earnings at December 31, 2006, without reflecting the age 62 Social Security offset. A discount rate of 5.70% is used and assumes no pre-retirement death, disability or termination.

(5) Mr. Ferrari became a Named Executive Officer on August 10, 2006.

(6) Mr. Ferrari entered the SERP after its inception. The present value of accumulated benefits is based on the portion of the projected benefits at age 60 attributed to pay and service from the commencement of employment through December 31, 2006. A discount rate of 5.70% is used and assumes no pre-retirement death, disability or termination.

(7) Mr. Hadeed resigned during 2006 and received a severance payment pursuant to his employment contract of approximately \$1.46 million, which is noted in the column entitled All Other Compensation. Mr. Hadeed was also paid a base salary of \$588,300 and a cash bonus of \$75,000 for his employment during 2006 prior to his resignation.

Base Salary

Base salary is the primary fixed element of the compensation packages for our Named Executive Officers. The Committee reviews and establishes base salary amounts for our Named Executive Officers each year taking into consideration the following three factors: (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; and (iii) the annual compensation received by

comparable positions at our peers based on the benchmarking surveys described above.

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In December 2005, the Compensation Committee approved an average increase for 2006 of 6.9% over 2005 base salaries for our Named Executive Officers.

Milestone Bonus Compensation

Our Company-wide Milestone Incentive Bonus Program for our Named Executive Officers is based on our Five Strategic Objectives. This program, administered by the Compensation Committee, establishes qualitative or quantitative metrics, as appropriate, for each of our Company-wide Milestones, which include partial credit opportunities. Payment of cash incentive bonuses (Milestone Bonuses) under the Company-wide Milestone Incentive Bonus Program to our Named Executive Officers is subject to the achievement of these milestones, which we believe will provide the foundation for creating longer-term stockholder value.

Each year, the Committee establishes maximum targets for the Milestone Bonus program for our Named Executive Officers taking into consideration the same factors as they do when determining base salary. Thereafter, twice yearly, the Compensation Committee reviews our achievement of these Company-wide Milestones and determines each Named Executive Officer's Milestone Bonus award accordingly. For 2006, the Committee made determinations of Milestone Bonus awards on two occasions: in June 2006, for payment in September 2006, and in February 2007, for payment in March 2007.

For the first half of 2006, our Company-wide Milestone Incentive Bonus Program milestones were as follows:

First Half 2006 Milestones

Milestone	Percentage of Target Award
Milestone 1 Earnings per share growth in the top quintile of our peer group.	Up to 25%
Milestone 2 Ethical conduct.	Up to 15%
Milestone 3 Communication of our clinical and scientific information and market share.	Up to 20%
Milestone 4 Product manufacturing and intellectual property development.	Up to 20%
Milestone 5 Clinical trials.	Up to 20%

With respect to our performance as compared to these milestone target criteria, the Compensation Committee, after consultation with our Chief Executive Officer, determined that the 2006 mid-year Milestone Bonus award should be paid out at 60% of 50% of the total 2006 Milestone Bonus target. For more details on payments made pursuant to our Milestone Bonus award plan, please see the table entitled *Summary Compensation* located in the section entitled *Summary of 2006 Compensation* above.

Effective July 1, 2006, the Compensation Committee revised Milestone 1 to replace earnings per share growth in the top quintile of the company's peer group with operating cash flow (OCF) per share growth in the top quintile of the company's peer group. This change was made to eliminate the impact of financial accounting treatment of stock option expense and tax benefit expense, which accounting deductions rendered this metric less incentivizing to employees as the accounting impact of stock options and income taxes are not within their control. Since OCF is comparable to cash profits, the Committee determined that an OCF growth metric would be more straightforward and create clearer incentives for employees. In addition, on December 28, 2006, the Compensation Committee approved a further modification to Milestone 1 in order to provide a measurement for the determination of achieving OCF per share growth in the top quintile of performance relative to our peers: Operating cash flow (OCF) per

share growth in the top quintile of the company's peer group, as measured by a 40% growth in OCF per share for the same quarter in sequential years and 10% growth in OCF per share for sequential quarters. This revision was made due to an interpretation of SFAS No. 123R, *Share-Based Payments*, which made it desirable, for financial accounting purposes, to include a measure of expected growth in incentive program milestones that are specifically tied to measures internal to United Therapeutics where such programs include the issuance of equities like stock options. As so revised, our Company-wide Milestone Incentive Bonus Program milestones for the second half of 2006 and for all subsequent bonus payments are outlined in the following table:

Second Half 2006 and 2007 Milestones

Milestone	Percentage of Target Award
Milestone 1 Operating cash flow (OCF) per share growth in the top quintile of the company's peer group, as measured by a 40% growth in OCF/share for the same quarter in sequential years and 10% growth in OCF/share for sequential quarters.	Up to 25%
Milestone 2 Ethical conduct.	Up to 15%
Milestone 3 Communication of our clinical and scientific information and market share.	Up to 20%
Milestone 4 Product manufacturing and intellectual property development.	Up to 20%
Milestone 5 Clinical trials	Up to 20%

With respect to our performance as compared to these milestone target criteria, the Compensation Committee, after consultation with our Chief Executive Officer, determined that the 2006 year-end Milestone Bonus award should be paid out at 60% of 50% of the total 2006 Milestone Bonus opportunity. For more details on payments made pursuant to our Milestone Bonus award plan, please see the table entitled *Summary Compensation* located in the section entitled *Summary of 2006 Compensation* above.

Equity Incentive Bonus Compensation

Our stock option grant practices are designed to reflect an appropriate balance between stockholders' dilution concerns and the need to remain competitive by recruiting and retaining high-performing executive officers. Our Named Executive Officers are provided with a substantial economic interest in the long-term appreciation of our common stock through the grant of stock options. Stock options provide value only if the stock price increases (which benefits all stockholders), and only if each of our Named Executive Officers remains with us until his or her stock options vest. Accordingly, the Compensation Committee believes that stock options are an effective means of attracting and retaining Named Executive Officers, encouraging Named Executive Officer ownership, linking pay with performance and aligning the interests of our Named Executive Officers and stockholders.

In accordance with the terms of her employment agreement, as amended, our Chief Executive Officer, Dr. Rothblatt, is eligible to receive an annual award of stock options under our Amended and Restated Equity Incentive Plan 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 each year based on the average closing bid price of our stock for the month of December. Prior to grant, the Compensation Committee may reduce the number of stock options determined by this contractual formula. These options are granted at the end of each year and are fully exercisable on the date of grant.

Twice each year, on the same schedule as Milestone Bonus payouts, our Named Executive Officers other than Dr. Rothblatt are awarded stock option grants under our Amended and Restated Equity Incentive Plan up to a predetermined maximum target number. This maximum target number is established each year by the Compensation Committee taking into consideration the factors listed under

the section entitled **Compensation Guiding Principles** above. The Committee subsequently determines the number of stock options to be awarded to our Named Executive Officers other than Dr. Rothblatt by taking into consideration the following two factors: (i) a subjective evaluation of individual performance, including contribution to the advancement of corporate objectives, impact on financial results, and strategic accomplishments; and (ii) United Therapeutics' overall performance, financial condition and prospects. Our standard practice is to grant stock options to our Named Executive Officers, other than Dr. Rothblatt, that vest over a three-year period.

For 2006, the Compensation Committee approved the following equity incentive bonus awards for our Named Executive Officers: Martine Rothblatt, none; Roger Jeffs, 140,000; Fred Hadeed, 50,000; Paul Mahon, 100,000; and John Ferrari, 18,313. For 2006, Dr. Rothblatt received no options, in accordance with the terms of her employment agreement.

Option/Equity Awards Grant Timing Policy

Prior to 2006, stock options were granted to our Named Executive Officers other than our Chief Executive Officer on a twice-yearly basis in June and December. Beginning in 2006, the grant dates were changed to March 15th and September 15th of each year, or the preceding trading day if these dates fall on a day when NASDAQ market is not open. This change in grant dates was made to provide for the pricing of stock option awards so as to follow disclosure of our annual and quarterly financial results, respectively, and so as to avoid broad communication of highly-confidential earnings results within United Therapeutics prior to public announcement. Because of this change, the only stock option grants awarded to our Named Executive Officers other than our Chief Executive Officer during 2006 were those granted on September 15th, for the period from January 1 through June 30, 2006. In 2007, milestone grants were made on March 15th, for the period from July 1 through December 31, 2006, and will be made on September 15th, for the period from January 1 through June 30, 2007. Options for our Chief Executive Officer are awarded in accordance with her employment agreement once each year on December 31st, or the preceding Friday if such date falls on a weekend.

Stock Ownership/Retention Guidelines

We do not have stock ownership guidelines for our Named Executive Officers or members of our Board of Directors.

Additional Information Relating to 2006 Equity Incentive Compensation

The following table sets forth certain additional information regarding grants of plan-based awards to our Named Executive Officers for the fiscal year ended December 31, 2006.

Grants of Plan-Based Awards in Fiscal Year 2006 Table

Name	Grant Date	Approval Date	Possible Payouts Under Non-Equity Incentive Plan Awards(1) Target(\$)(4)	Possible Payouts Under Equity Incentive Plan Awards Target(#)	All Other Option Awards: Number of Securities Underlying Options (#)(2)(3)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value (\$)
Martine Rothblatt	12/31/06		\$ 500,000	(4)		\$	\$
Roger Jeffs	9/15/06	7/31/06			87,500	56.92	27.47
	3/15/07	2/20/07			52,500	55.94	25.82
			350,000				
Paul Mahon	9/15/06	7/31/06			62,500	56.92	27.47
	3/15/07	2/20/07			37,500	55.94	25.82
			200,000				
Fred Hadeed(5)	9/15/06	7/31/06			50,000	56.92	27.47
			250,000				
John Ferrari(6)	8/10/06	7/31/06			15,000	53.72	26.10
	9/15/06	7/31/06			18,313	56.92	27.47
	3/15/07	2/20/07			9,000	55.94	25.82
			84,000				

(1) The amounts in this column reflect the predetermined maximum amount possible of the annual Milestone Bonus for each Named Executive Officer. There are no threshold amounts.

(2) The amounts in this column reflect equity incentive bonus awards for 2006 granted in September 2006 and March 2007.

(3) The discretionary stock option grants in this column are made pursuant to two factors: (i) a subjective evaluation of individual performance, including contribution to the advancement of corporate objectives, impact on financial results, and strategic accomplishments; and (ii) our overall performance, financial condition and prospects. The Compensation Committee performs a twice-yearly analysis based on these factors in order to determine stock option awards. Notwithstanding the foregoing, the maximum numbers of options that could have been awarded to our Named Executive Officers, other than Dr. Rothblatt, for 2006 were: Roger Jeffs, 175,000; Paul Mahon, 125,000; and Fred Hadeed, 150,000.

(4) In accordance with the terms of her employment agreement, as amended, Dr. Rothblatt is eligible to receive an annual award of stock 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 from its average in December of each year based on the average closing bid price of our stock for the month of December. Prior to grant, the Compensation Committee may reduce the number of stock options determined by this contractual formula. For 2006, Dr. Rothblatt received no options.

(5) Mr. Hadeed resigned in December 2006 and no further payouts for 2006 are due.

(6) Mr. Ferrari became a Named Executive Officer on August 10, 2006, and, accordingly, the values in this table represent a partial year.

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The following table sets forth the information regarding each unexercised option held by each of our Named Executive Officers as of December 31, 2006.

Outstanding Equity Awards at Fiscal Year End

Name	Number of Securities Underlying Options (#) Exercisable(1)	Number of Securities Underlying		Option Exercise Price (\$)	Option Expiration Date
		Options (#) Unexercised	Options (#) Unexercisable		
Martine Rothblatt					
11/23/1998	8,152			\$ 19.80	11/23/2008
09/29/1999	80,000			27.50	09/29/2009
12/15/2000	1,500			15.69	12/15/2010
04/16/2001	6,000			11.31	04/16/2011
12/14/2001	1,198			9.20	12/14/2001
06/14/2002	3,972			13.90	06/14/2012
12/31/2002	46,946			16.70	12/31/2012
12/31/2003	56,274			22.95	12/31/2013
01/20/2005	298,592			43.60	01/20/2015
01/20/2005	499,207			43.60	06/26/2010
12/30/2005	365,607			69.12	12/30/2015
Roger Jeffs					
07/16/1999	83,676			\$ 16.75	07/16/2009
01/01/2001	14,158			14.13	01/01/2011
01/02/2003	57,672			17.10	01/02/2013
12/31/2003	13,867			22.95	12/31/2013
01/02/2004			12,800	23.48	01/02/2014
12/15/2004	66,667	33,333		44.74	12/15/2014
06/29/2005	23,334	46,666		48.78	06/29/2015
12/15/2005	35,000	70,000		71.24	12/15/2015
09/15/2006(2)			87,500	56.92	09/15/2016
Paul Mahon					
01/01/2000	5,000			\$ 46.00	01/01/2010
03/20/2000	3,333			57.13	03/20/2010
05/23/2000	100			60.94	05/23/2010
10/04/2000	100			77.13	10/04/2010
11/28/2000	100			47.00	11/28/2010
06/15/2001	8,931			13.17	06/15/2011
12/31/2003	23,200			22.95	12/31/2013
01/02/2004	19,200	9,600		23.48	01/02/2014
12/15/2004	33,333	16,667		44.74	12/15/2014
01/20/2005	8,334	16,666		43.60	01/20/2015