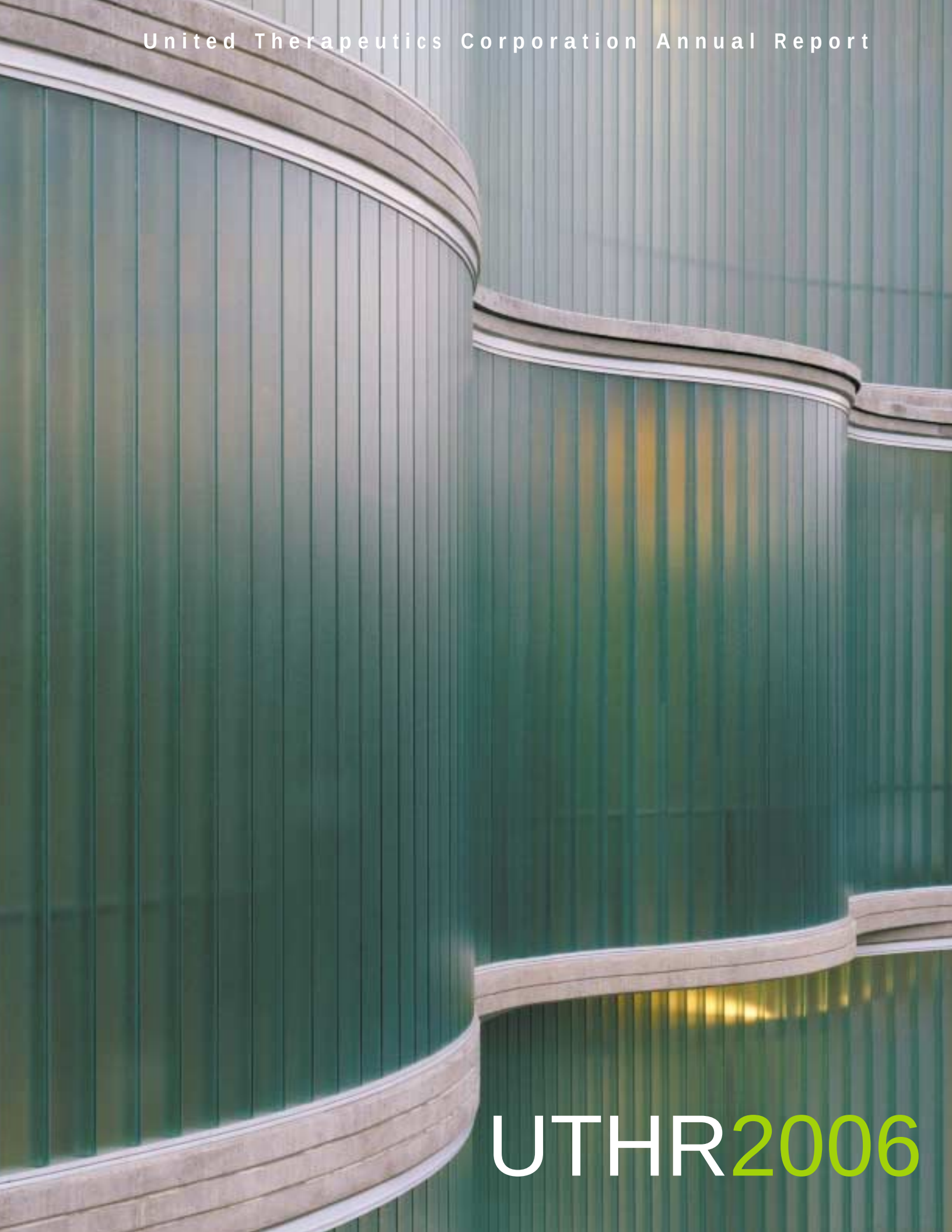
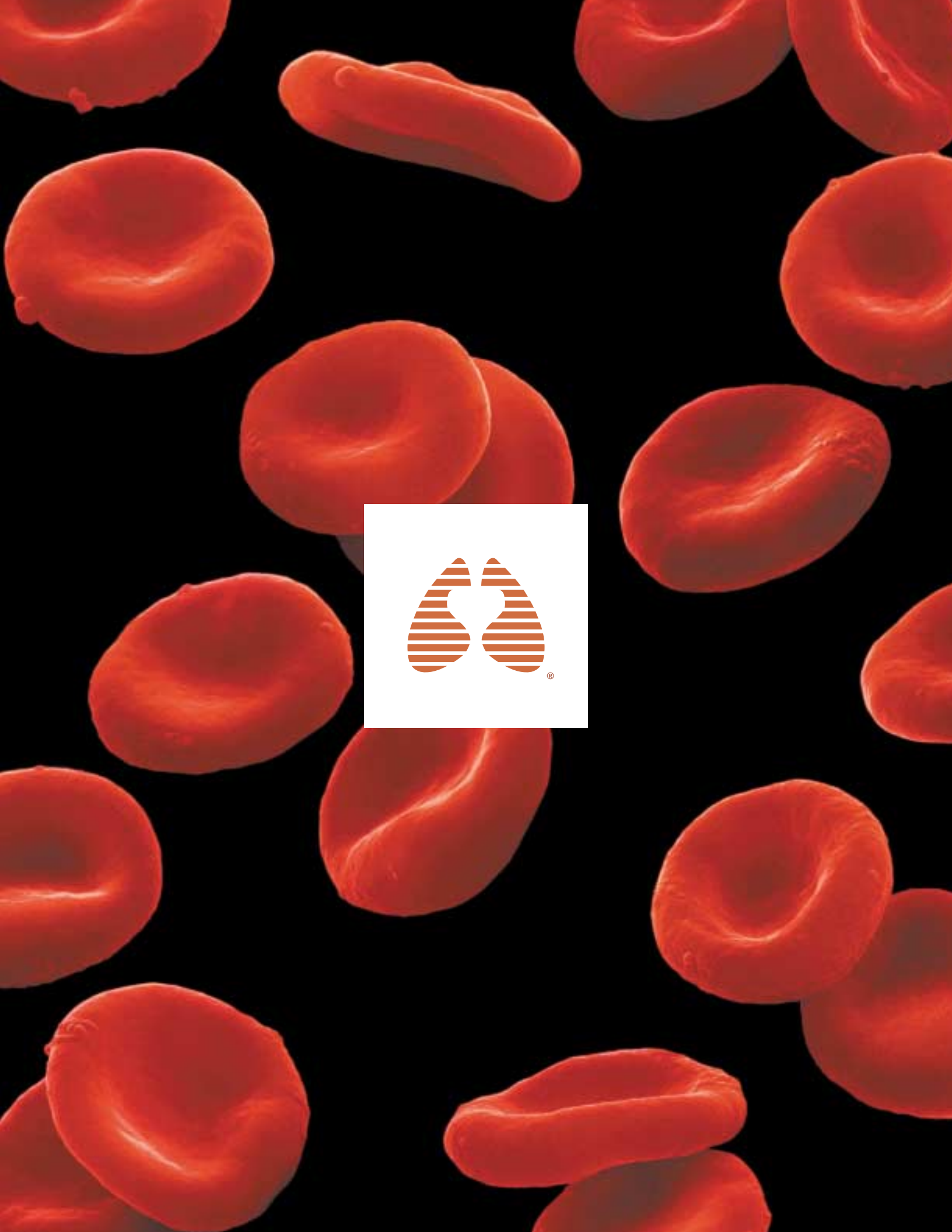
United Therapeutics Corporation Annual Report



UTHR2006

Medicines for Life®



Medicines for Life®

Medicines for Life®

Corporate Profile

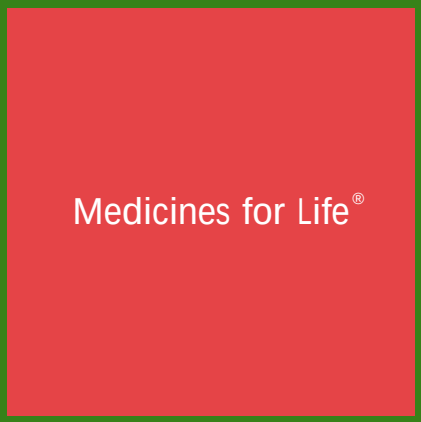
United Therapeutics is a biotechnology company focused on the development and commercialization of unique products for patients with chronic and life-threatening cardiovascular, cancer, and infectious diseases.

At United Therapeutics, we find tremendous inspiration and satisfaction from our work and view our products as being new beginnings for patients and doctors, with quality of life as our utmost therapeutic goal.

Currently, our revenue-generating products are all in the field of cardiovascular medicine. While building United Therapeutics' business value in the cardiovascular field, we are also laying important foundations for future franchises in the treatment of cancer and infectious diseases.

Remodulin, a prostacyclin analog

Our lead product and largest revenue earner is Remodulin, a stable synthetic form of prostacyclin, a molecule produced by the body that has powerful effects on blood vessel health and function. United Therapeutics has focused primarily on developing Remodulin for treating pulmonary arterial hypertension, a life-threatening disease that affects the blood vessels between the heart and lungs. Pulmonary arterial hypertension is



associated with reduced production of prostacyclin in the pulmonary blood vessels and is characterized by the degradation of the blood vessel wall lining, the aggregation of platelets and the disruption of smooth muscle cell function. These conditions cause blockages and affect the ability of the blood vessels to dilate and then constrict as blood flows to the lungs. The resulting elevated pulmonary blood pressure causes increasing strain on the right side of the heart as it tries to pump blood to the lungs. It is estimated that there are between 50,000 and 100,000 individuals with pulmonary arterial hypertension worldwide.

OvaRex, an immunotherapeutic monoclonal antibody

We are conducting pivotal trials of OvaRex, a monoclonal antibody for preventing the recurrence of ovarian cancer. OvaRex is part of a family of similar therapies to which we own the rights and that are designed to combat other cancers.

Ovarian cancer is the fifth most frequent cause of cancer death in women and the leading cause of gynecologic cancer death in the United States. It is typically not diagnosed until it has already progressed to an advanced stage. There is a high rate of initial response to front-line therapy (surgery and chemotherapy), generally leading to a period of remission known as "watchful waiting". Unfortunately, most women will eventually experience a recurrence of their cancer.

There are no approved therapies to follow front-line treatment that might delay or prevent the relapse of ovarian cancer. Our goal is to use OvaRex to help the body mount an immune response against the tumor and its associated surface proteins known as CA 125, helping the body directly fight the cancer during the

pivotal “watchful waiting” period. Our Phase III clinical trials have enrolled patients at more than 60 medical centers throughout the United States and are designed to demonstrate clinical benefit by extending the time to disease relapse.

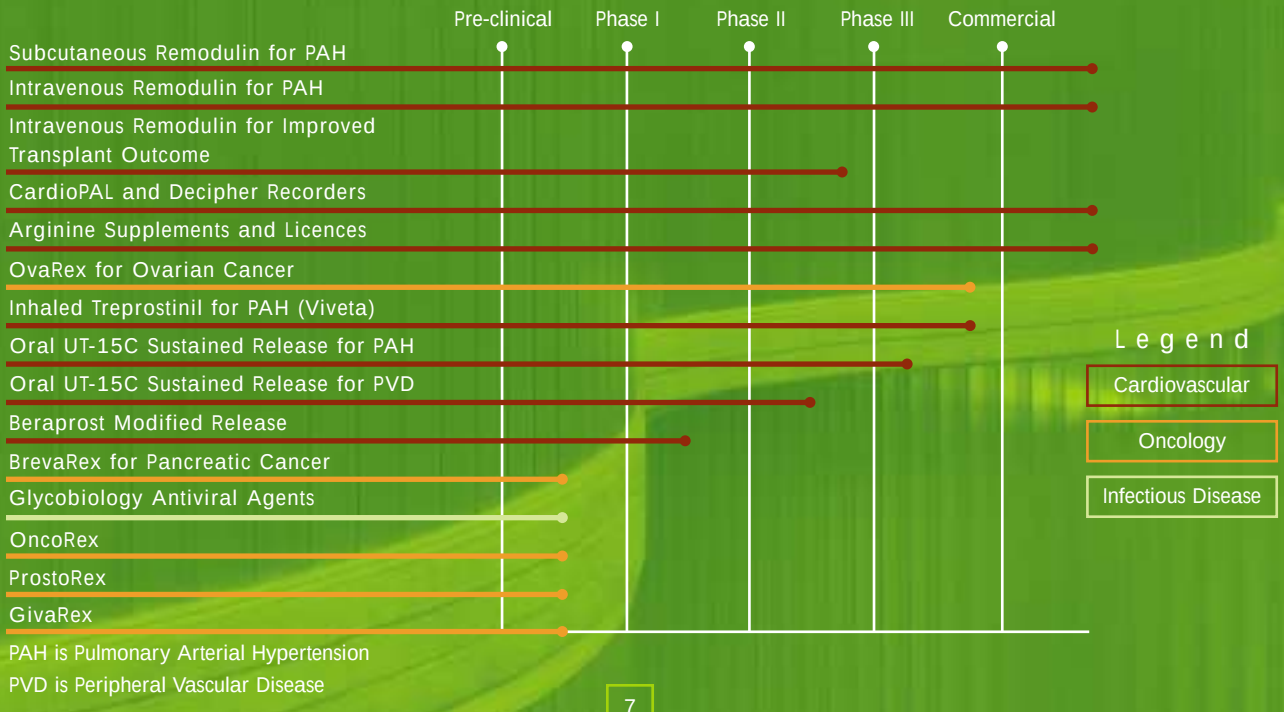
Iminosugars, glycobiology antiviral agents

Sugars are fundamental to human biochemistry: glucose is our energy molecule, ribose holds our DNA together, and other sugars are crucial building blocks in our cellular membranes, enzymes, and organelles. United Therapeutics has exclusive rights to a class of therapeutic iminosugars discovered by the field’s founder, Professor Raymond Dwek of the University of Oxford.

These small molecule synthetic sugars target hepatitis B and C and other infectious diseases with a novel mechanism of action: they are able to slip through cellular membranes where our data suggest that they alter the assembly of viruses to prevent them from being able to continue infecting and replicating within other cells. While this work remains at an early stage, it holds immense promise. The diseases being targeted by our glycobiology agents afflict over a billion people worldwide.

United Therapeutics

UNITED THERAPEUTICS PRODUCTS IN DEVELOPMENT



PAH is Pulmonary Arterial Hypertension
PVD is Peripheral Vascular Disease

To Our Shareholders

United Therapeutics: what a **wonderful** company! United Therapeutics: what a wonderful **set** of companies! The people of United Therapeutics: what great **company** they are to be around. These three sentences give you an impression of how immensely positive all of us at United Therapeutics feel about our workplace.

It is rare indeed for people to rave enthusiastically about their place of employment. But that is, in fact, the United Therapeutics employee mantra. Our positive energy is the result of a company culture that is premised upon doing the right thing, and doing it with exceptional quality and effort. Consider United Therapeutics' financial management. Below is a chart of our revenues since 2003, our first full year of generating revenues. Notice that a "best fit" line to those annual revenues shows steady growth at a 40% rate. Only one out of five biotech companies grows that rapidly – the rest can't match our rate.

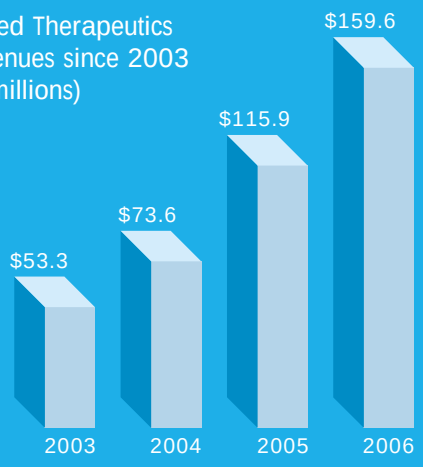
Consider our profitability. We know that shareholders much prefer profitable to money-losing companies. United Therapeutics has posted 12 consecutive quarters of profitability by rigorously adhering to the simple rule of spending less than we make. Simple isn't easy, but it is clearly the right thing for a business to do.

During 2006 we have focused exceptional efforts on making 2007 a year of major new clinical trial results. Over the course of the year, we enrolled about 75% of our TRIUMPH study of inhaled treprostinil for pulmonary arterial hypertension, and 100% of our two IMPACT studies of our monoclonal antibody OvaRex for ovarian cancer. We have also commenced enrollment in our two FREEDOM trials of oral treprostinil for pulmonary arterial hypertension. We have accomplished so much in one year because of the great teamwork and *esprit de corps* that exists at United Therapeutics.

Our company culture revolves around the twin themes of diversity and unity. Our diversity lies in the wealth and depth of medicines that we are developing – prostacyclin analogs (two kinds by four methods of delivery), biologics and glycobiological iminosugars. This diversity of intellectual property supports further diversification of clinical indication: cardio-pulmonary, oncology and infectious diseases. Business Darwinism teaches that only the diverse survive. One can never know if a particular treatment will be successful, but with many different kinds of treatment the odds are higher that one or more will succeed. Our unity is the support structure that underlies all of our clinical developments. Finance, legal, human resources and strategic planning teams stand ready to assist all of our companies with their unique activities. This unity lets everyone feel comfortable that United Therapeutics is truly a place where "all for one, and one for all" is the standard.

As we move into 2007, we are excited about helping more people than ever. Our new clinical programs are designed to treat a wider spectrum of patients than our current intravenous and subcutaneous infusion therapies. We are poised to rise to a higher level of therapeutic value to patients and physicians everywhere. While helping many more patients entails a greater level of responsibility, we feel confident that our past several years of experience and extraordinary commitment to doing the right things has prepared us well for the challenges ahead.

United Therapeutics
Revenues since 2003
(in millions)



We thank all of our shareholders for supporting our enthusiasm and our vision.

Onwards,

Martine Rothblatt

Martine Rothblatt, Ph.D.
Chairman and CEO


NASDAQ WELCOMES
UNITED THERAPEUTICS
CORPORATION
NASDAQ LISTED [UTHR]
United
Therapeutics
CORPORATION
NASDAQ

1

New state-of-the-art laboratory facility dedicated on June 26, 2006 to support both our prostacyclin and monoclonal antibody programs.

275

Employees at the end of 2006, up 36% from 197 employees at the beginning of the year.

Strategic Corporate Objectives

1. Achieve annual growth in operating cash flow (OCF) per share at approximately 40% per year;
2. Communicate accurately and effectively our clinical information to prescribers;
3. Develop and manufacture the best possible medicines from our intellectual property platforms in prostacyclin analogs, monoclonal antibodies and iminosugars;
4. Conduct the most insightful clinical trials possible of our medicines as evidenced by high rankings in medical consensus statements and publication in leading medical journals; and
5. Accomplish all of the above with the highest level of ethical conduct.

10

Years old. Born June 26, 1996 at 1:00 p.m. in Washington, D.C.

"The ten year-old is well-balanced, content, and comfortable. He can take things in stride. The ten year-old can do two things at once with ease. For example, he can talk and work at the same time. Ten year-olds are generally easy-going and matter of fact. Fairness is very important to the ten year-old."

Beth M. Arthur, Ph.D.
Making a Difference
One Student at a Time, 1997

UT by the 2006

Numbers

20

Scientists at the new University of Oxford Antiviral Drug Discovery Unit are supported by United Therapeutics to develop our glycobiology antiviral agents. The unit was formally opened by Dr. Martine Rothblatt on November 30, 2006.

$250

United Therapeutics

United Therapeutics Corporation

$250,000,000 Convertible Senior Notes Offering

0.50% coupon and 21.0% conversion premium

Convertible Note Hedge and Warrant Transactions

Raised effective conversion premium to 70.0%

$112,400,000 Share Repurchase

Deutsche Bank Securities

Deutsche Bank

million raised in October 2006 as convertible debt, representing the first financing by United Therapeutics in over six years.

9:30 a.m.

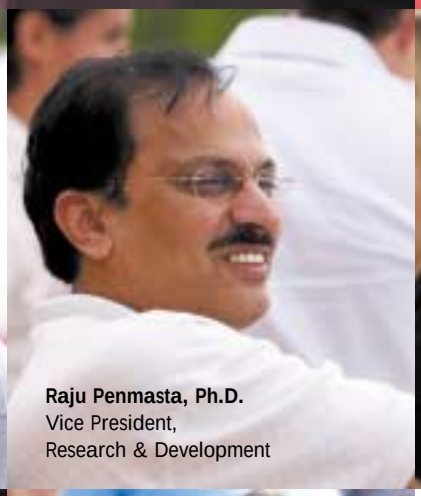
Opened NASDAQ on June 27, 2006.

Senior Management

Martine Rothblatt, Ph.D.
Chairman and
Chief Executive Officer

Paul Mahon
Executive Vice President
Strategic Planning &
General Counsel

Eugene Sullivan, MD FCCP
Chief Medical Officer, Lung Rx



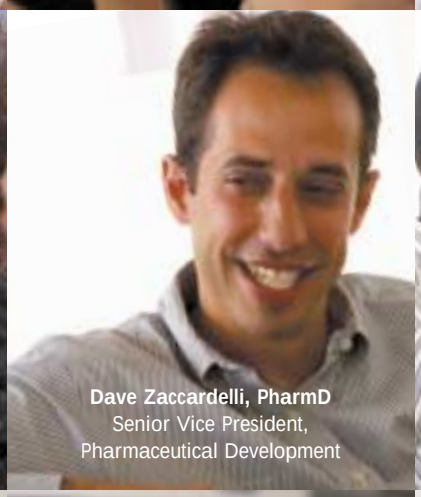
Raju Penmasta, Ph.D.
Vice President,
Research & Development

Chris Nicodemus, MD FACP
Senior Vice President,
Clinical Research & Development,
Unither Pharmaceuticals

Andrew Fisher
Senior Vice President,
Investor Relations &
Deputy General Counsel

James Levin, DVM
Senior Vice President,
Biologics Production,
Development and Supply Chain
Unither Pharmaceuticals

Robert
Roscigno, Ph.D.
President, Lung Rx



Dave Zaccardelli, PharmD
Senior Vice President,
Pharmaceutical Development

Larry Somerville
Senior Vice
President,
Sales &
Marketing,
Lung Rx

Robert Grover, MBBS FRCA
European Medical Director &
Chief Safety Officer

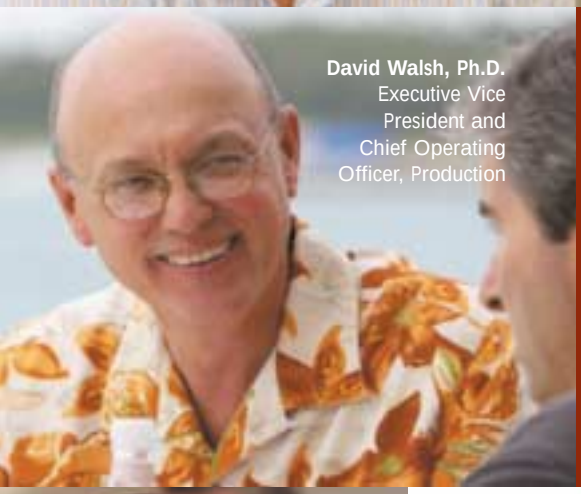
Alyssa Friedrich
Vice President, Human Resources &
Community Relations

Anhua Liu, Ph.D.
Supervisor, Quality Control

Peter Gonze
Chief Operating
Officer,
Unither
Pharmaceuticals

Roger Jeffs, Ph.D.
President &
Chief Operating
Officer

John Ferrari
Chief Financial
Officer and
Treasurer



David Walsh, Ph.D.
Executive Vice
President and
Chief Operating
Officer, Production

Medicines for Life®

Melissa Silverman
Assistant Vice President of Finance
and Controller

Dean Bunce
Senior Vice President,
Regulatory Affairs

Shola Oyewole
Chief Information Officer

Liang Guo, Ph.D.
Senior Vice President, Production

Carl Arneson
Director, Biostastics &
Data Management

We take “United” in our name very seriously.

Although spread over ten offices in seven states and three countries, our employees are united in achieving our goal of serving all of our stakeholders by developing “Medicines for Life”, and doing so with the highest level of ethical conduct.

Our management team embraces this goal. They are a team comprised of caring professionals representing a wide range of expertise, dedicated each day to creating a strong company. This care is evident in our culture, and this dedication is proven in our success. We do this work because we share a desire for excellence. We do this work together because we share a passion for quality of life.

Many individuals occupy key senior and executive management roles at United Therapeutics, and dozens of employees provide crucial support in a wide variety of positions. The managers featured on these pages represent a critical cross-section of those responsible for making the clinical, financial, commercialization, strategic and legal decisions for our business.

Remodulin

United Therapeutics has focused much of its research and development activity on expanding the ways in which its lead product, Remodulin, may be delivered to patients. By offering a variety of routes of administration for Remodulin, physicians will be able to select the best way to deliver the drug to meet each pulmonary arterial hypertension (PAH) patient's particular needs. In addition, we believe that less invasive routes of administration may make Remodulin an appropriate therapy to treat a number of other diseases. Our clinical work is aimed at developing four different routes of administration for Remodulin. We are firmly committed to developing the best medicines possible from the intellectual property we have, by conducting the most insightful clinical trials.

Subcutaneous Remodulin

Remodulin first gained commercial approval in the Untied States in May 2002 as a subcutaneous therapy for patients with PAH. A therapy is administered subcutaneously when it is delivered through the skin. This accelerated approval was granted on the condition that we perform an additional efficacy study as a post-approval commitment which we completed to the satisfaction of the U.S. Food and Drug Administration in 2006.

As a subcutaneous therapy, Remodulin is indicated to improve the symptoms associated with exercise in PAH patients with New York Heart Association (NYHA) Class II, III or IV symptoms. Subcutaneous Remodulin is continuously delivered through a mobile pager-sized pump that requires refills every 72 hours and no ice packs since Remodulin is stable at room temperature. Subcutaneous delivery avoids the systemic infection risk associated with an indwelling intravenous catheter.

Unfortunately, pain and reaction at the site of infusion is a common occurrence which can limit the ability of some patients to remain on the therapy. Our research into pain management remains ongoing. Recognizing this side effect, we began developing an intravenous route of administration for Remodulin.

Intravenous Remodulin

In November 2004, we achieved an expanded FDA approval to permit intravenous delivery of Remodulin to those PAH patients who are not able to tolerate subcutaneous delivery. A therapy is administered intravenously when it is delivered directly into a patient's veins.

Clinical data generated during 2005 and subsequently presented at major scientific meetings demonstrated both that intravenous Remodulin could provide long-term benefits to PAH patients who were new to prostacyclin therapy, and that patients could be transitioned from an approved intravenous therapy called Flolan® without detriment. Additionally, studies demonstrated that rapid transition from Flolan to Remodulin was possible, without the need to carefully titrate the two drugs independently. While these open-label trial results were encouraging, we wanted to demonstrate more conclusively the benefits of intravenous Remodulin in a placebo-controlled trial.

To this end, TRUST-1, a 12-week multicenter, randomized, double-blind, placebo-controlled trial of the safety and efficacy of intravenous Remodulin, was the first-ever placebo controlled study of intravenous therapy in PAH patients. It showed that intravenous Remodulin provided a clinically and statistically significant improvement when used as front-line therapy. Specifically, intravenous Remodulin produced an 83-meter median improvement in six-minute walk distance compared to placebo in NYHA Class III/IV patients with PAH.

With this controlled result in hand, we also endeavored in 2005 to "miniaturize" the pump platform that is used for intravenous delivery of Remodulin. Conventional and prevailing wisdom was that higher flow rates were required to maintain the indwelling lines used for intravenous delivery. In 2005, we challenged that dogma and demonstrated that patients could receive Remodulin at much lower flow rates using smaller pumps. Now, patients are able to use pager-sized pumps for intravenous as well as subcutaneous delivery of Remodulin, an important advance in the treatment of PAH.

Inhaled Tresprostinil

Since 2004, Lung Rx, Inc., a wholly owned subsidiary of United Therapeutics, has been developing a new form of treprostinil that can be delivered by inhalation, which permits the drug to be administered directly to the lungs and dosed to therapeutic levels with potentially less risk of systemic side effects. Inhaled treprostinil is an investigational drug, meaning that it is in clinical studies and has not yet been approved for commercial use.

Our clinical trial program for inhaled treprostinil is called TRIUMPH (**TR**eprostinil Sodium **I**nhalation **U**sed in the **M**anagement of **P**ulmonary Arterial **H**ypertension). A key goal of the TRIUMPH program is to develop a portable therapy in which a new form of treprostinil would be inhaled for about one minute just four times per day. While this therapy is currently being studied in patients with advanced disease, the convenience of an inhaled prostacyclin analog delivered four times per day may allow its use earlier in the course of the disease. Initially, the TRIUMPH program is focusing on using an ultra-sonic nebuliser to deliver medication to patients in four daily doses, with the subsequent goal of administering the product with a handheld, pocket-sized metered dose inhaler.

The medical leadership of the TRIUMPH program comes from two well known centers of excellence: Prof. Werner Seeger in Giessen, Germany and Dr. Lewis Rubin at the University of California, San Diego. Between these two centers, more than 200 patients with various forms of PAH have been dosed in acute settings under cardiac catheterization. The data collected so far suggests that dosing PAH patients with an inhaled form of treprostinil appears to be safe, that each dose can be administered very quickly, and that a daily treatment regimen of no more than four doses may be possible. Much of the work conducted at Giessen and San Diego has been presented at major scientific conferences including the 2005 European Society of Cardiology and American Heart Association meetings. Currently, the Lung Rx team is nearing completion of enrollment in its first multinational, double blind placebo controlled study of the efficacy and tolerability of inhaled treprostinil in patients with severe PAH – the TRIUMPH-1 study.

Oral Treprostinil

The next and perhaps final search for the most convenient and effective formulation of treprostinil is our investigational sustained-release oral treprostinil program. In 2005, we were able to both develop a new formulation of treprostinil that was orally bioavailable as well as formulate a controlled-release tablet that provided sustained release of the drug over approximately 10-12 hours following a single dose. This formulation work suggests that a twice-a-day tablet form of treprostinil is viable.

With the formulation work complete, in October 2006 we commenced enrollment in two multi-national placebo-controlled clinical trials of oral treprostinil in patients with PAH. One trial, FREEDOM-C, will be a 16-week study of up to 300 patients currently on background therapy using approved oral therapies for PAH. The second trial, FREEDOM-M, will be a 12-week study of up to 150 patients who are not on any background therapy. Both trials will be conducted in approximately 50 centers.

Pioneering New Routes of Delivery

THROUGH INNOVATIVE CLINICAL TRIALS

Selected Financial Results

At United Therapeutics, health is our business. And in order to help our patients improve their health, we must ourselves be healthy.

We believe that the way to achieve and remain in great corporate health is to do our best to achieve our strategic corporate objectives.

That's what we did in 2006 with healthy financial results. There is strength in these numbers.

Revenues and Net Income

United Therapeutics' revenue grew 40% to $159.6 million in 2006 and achieved $74.0 million in net income, including a tax benefit of $34.1 million for the year.

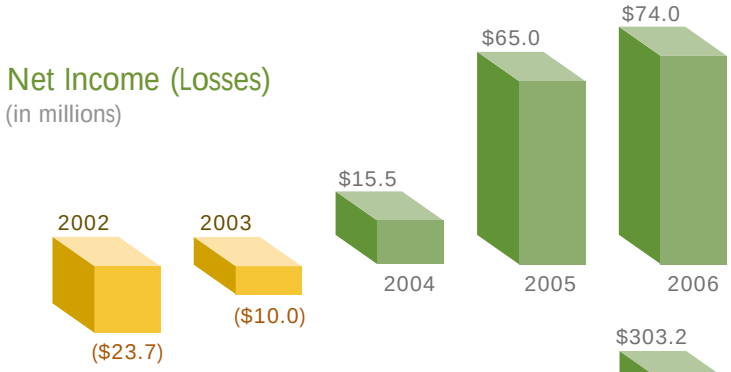
Cash and Investments

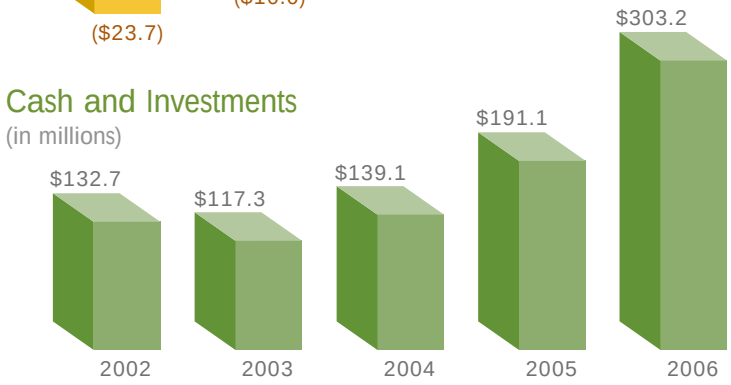
United Therapeutics had cash, cash equivalents and marketable investments totaling $303.2 million as of December 31, 2006.

Other Developments

In October 2006, United Therapeutics issued $250 million in 0.50% Convertible Senior Notes due in 2011 which had an effective premium of 70% after considering the effect of a call note hedge transaction.

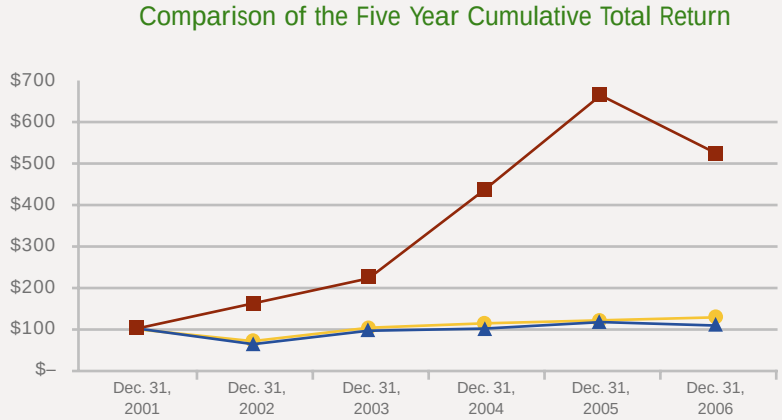
United Therapeutics repurchased approximately 2.6 million of its shares of common stock during 2006 using $157.7 million in cash.





Stock Price Performance

The following graph and table set forth United Therapeutics' total cumulative stockholder return over the past five years as compared to the cumulative returns of the NASDAQ US Stock Market Index and the NASDAQ Pharmaceutical Stocks Index. Total stockholder return assumes $100.00 invested at the beginning of the period in United Therapeutics common stock, the stocks represented in the NASDAQ US Stock Market Index and the stocks represented in the NASDAQ Pharmaceutical Stocks Index, respectively.



	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06
United Therapeutics Corporation	$100.00	$160.42	$220.46	$433.72	$663.98	$522.29
NASDAQ US Stock Market Index	$100.00	$69.13	$103.36	$112.49	$114.88	$126.22
NASDAQ Pharmaceutical Stocks Index	$100.00	$64.62	$94.72	$100.88	$111.09	$108.75

Corporate Information

MANAGEMENT

Martine Rothblatt, Ph.D., J.D., M.B.A.
Chairman and Chief Executive Officer

Roger Jeffs, Ph.D.
President and Chief Operating Officer

John Ferrari
Chief Financial Officer and Treasurer

Paul A. Mahon, J.D.
Executive Vice President,
Strategic Planning and General Counsel

BOARD OF DIRECTORS

Christopher Causey, M.B.A.
Principal, Causey Consortium

Professor Raymond A. Dwek, F.R.S.
Professor of Biochemistry
Director of the Glycobiology Institute
Chairman of the Department of Biochemistry
University of Oxford

R. Paul Gray
Managing Partner, Core Concepts, LLC

Roger Jeffs, Ph.D.*

Ray Kurzweil
Founder, Chairman, and
Chief Executive Officer
Medical Learning Company, Inc. &
Kurzweil Technologies, Inc.

Christopher Patusky, J.D., M.G.A.
Executive Director, Chief Operating Officer,
Member of the Faculty
Fels Institute of Government
University of Pennsylvania

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

Hon. Louis W. Sullivan, M.D.
Founding President and President Emeritus of
Morehouse School of Medicine
Former Secretary of United States
Department of Health and Human Services

* United Therapeutics' Management

SCIENTIFIC ADVISORY BOARD

Sir John Vane, D.Sc., F.R.S. (1927-2004)
1982 Nobel Laureate in
Physiology or Medicine

Professor Baruch S. Blumberg, Ph.D.
Chairman of the Scientific Advisory Board
1976 Nobel Laureate in
Physiology or Medicine
Fox Chase Distinguished Scientist,
Fox Chase Cancer Center

Professor Raymond A. Dwek, F.R.S.
Professor of Biochemistry
Director of the Glycobiology Institute
Chairman of the Department of Biochemistry,
University of Oxford

Professor Victor J. Dzau, M.D.
President and CEO,
Duke University Medical Center &
Health System

Urban Ramstedt, Ph.D.
Senior Director, Immunobiology
Elusys Therapeutics, Inc.

Hon. Louis W. Sullivan, M.D.
Founding President and
President Emeritus
Morehouse School of Medicine
Former Secretary of United States
Department of Health and Human Services

Professor Sir Magdi H. Yacoub FRS, FRCS
National Heart and Lung Institute
Imperial College London

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Andrew Fisher, J.D.
Deputy General Counsel and
Senior Vice President,
Investor Relations

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Unither Pharma
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COMMON STOCK

Listed on Nasdaq National
Market symbol "UTHR"

ANNUAL MEETING

June 26, 2007

INTERNET ACCESS

www.unither.com

GRAPHIC DESIGN

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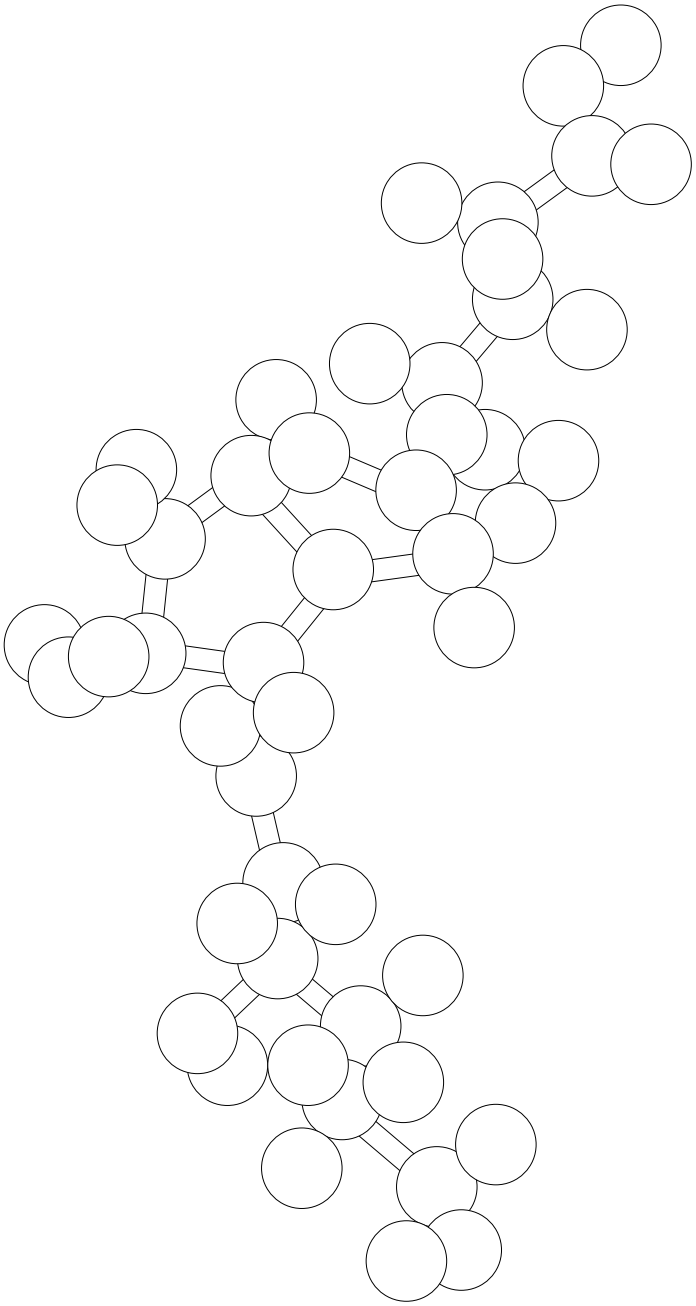

United Therapeutics
CORPORATION

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