UNITED THERAPEUTICS CORP
Form S-3ASR
December 22, 2006
As filed with the Securities and Exchange Commission on December 22, 2006

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

UNITED THERAPEUTICS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

52-1984749
(I.R.S. Employer Identification Number)

1110 Spring Street
Silver Spring, MD 20910
(301) 608-9292

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Martine A. Rothblatt
Chairman and Chief Executive Officer
United Therapeutics Corporation
1110 Spring Street
Silver Spring, MD 20910
(301) 608-9292

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:
Gibson, Dunn & Crutcher LLP
1050 Connecticut Avenue N.W.
Washington, DC 20036-5306
(202) 955-8500
Attention: Stephen I. Glover, Esq.

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registrations statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per unit(1)**	**Proposed maximum aggregate offering price(1)**	**Amount of registration fee**
0.50% Convertible Senior Notes due October 15, 2011	$ 250,000,000	100 %	$ 250,000,000	$ 26,750
Common Stock, par value $0.01 per share (including the associated Rights to purchase Series A Junior Participating Preferred Stock)(2)	3,323,332 (3)			(4)

(1) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(o) of the Securities Act.

(2) Rights to purchase Series A Junior Participating Preferred Stock of the registrant are attached to all shares of the registrant s common stock in accordance with the Rights Agreement, dated as of December 17, 2000, between the registrant and The Bank of New York, as rights agent. The rights are not exercisable until the occurrence of events specified in the Rights Agreement and are evidenced by the certificates for the common stock and are transferable solely with the common stock. The value attributable to the rights, if any, is reflected in the value of the common stock.

(3) Represents the number of shares of common stock initially issuable upon conversion of the notes. Pursuant to Rule 416 of the Securities Act, this registration statement also covers such additional shares that may be issued as a result of a change in the amount of securities being offered or issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(4) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee payable with respect to shares of common stock issuable upon conversion of the notes because no additional consideration will be received in connection with the exercise of the conversion privilege.

PROSPECTUS

$250,000,000

0.50% Convertible Senior Notes due October 15, 2011 and Shares of Common Stock Issuable Upon Conversion of the Notes

On October 30, 2006, we issued $250,000,000 aggregate principal amount of our 0.50% Convertible Senior Notes due October 15, 2011 (the notes) in a private offering. Selling securityholders will use this prospectus to resell the notes and the shares of our common stock issuable upon conversion of the notes.

The notes are our senior unsecured obligations, rank equal in right of payment with our other senior unsecured debt and rank senior to all of our future subordinated debt. The notes effectively rank junior to our secured obligations and any future secured indebtedness to the extent of the assets securing such obligations and indebtedness. The notes are structurally subordinated to our subsidiaries liabilities.

The conversion price for each $1,000 aggregate principal amount of notes is initially $75.2257 per share of our common stock (equivalent to a conversion rate of approximately 13.2933 shares of our common stock). Holders may surrender their notes for conversion prior to the close of business on July 15, 2011, if any of the following conditions is satisfied:

- during any calendar quarter commencing after the date of original issuance of the notes, if the closing sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the calendar quarter preceding the quarter in which the conversion occurs is more than 120% of the conversion price of the notes in effect on that last trading day;

- during the ten consecutive trading-day period following any five consecutive trading-day period in which the trading price for the notes for each such trading day was less than 95% of the closing sale price of our common stock on such date multiplied by the then current conversion rate; or

- we make certain significant distributions to holders of our common stock, we enter into specified corporate transactions or our common stock ceases to be approved for listing on NASDAQ and is not listed for trading on a U.S. national or regional securities exchange.

Holders may surrender their notes for conversion after July 15, 2011, and on or prior to the close of business on the business day immediately preceding the maturity date regardless of whether any of the foregoing conditions has been satisfied.

Upon conversion of the notes, holders will receive cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated for each of the 20 trading days beginning on the third trading day immediately following the conversion date, except that for notes surrendered for conversion after the 25th scheduled trading day prior to the maturity date and on or prior to the close of business on the business day immediately preceding maturity, holders will receive a cash payment equal to $1,000 on the maturity date and shares of our common stock, if any, calculated based on the 20 trading days beginning on the trading day following the maturity date.

If a fundamental change, as defined herein, occurs prior to the maturity of the notes, holders may require us to repurchase for cash all or part of their notes at a price equal to 100.0% of the principal amount of the notes being repurchased, plus accrued and unpaid interest.

Our common stock is quoted on The NASDAQ Global Select Market, or NASDAQ, under the symbol UTHR. The closing price of our common stock on December 20, 2006 was $54.13 per share.

The notes are not listed on any securities exchange or included in any automated quotation system. Since their issuance, the notes have been eligible for quotation on The PORTALSM Market of The NASDAQ Stock Market, Inc., or PORTAL; however, notes sold pursuant to this prospectus will no longer be eligible for quotation on PORTAL.

Investing in the notes and our common stock issuable upon conversion of the notes involves risks. See Risk Factors beginning on page 11 and the risk factors in the documents incorporated herein by reference.

We will not receive any of the proceeds from the sale of the notes or the shares of common stock by the selling securityholders. The notes and the shares of common stock may be offered by the selling securityholders in negotiated transactions or otherwise, at market prices prevailing at the time of sale or at negotiated prices. The timing and amount of any sale are within the sole discretion of the selling securityholders. In addition, the shares of common stock may be offered from time to time through ordinary brokerage transactions on NASDAQ. See Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 22, 2006.

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This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, the selling securityholders may, from time to time, offer notes or shares of our common stock owned by them. Each time the selling securityholders offer notes or common stock under this prospectus, they will provide a copy of this prospectus and, if applicable, a copy of any prospectus supplement. You should read both this prospectus and, if applicable, any prospectus supplement, together with the information incorporated by reference in this prospectus. See Where You Can Find More Information for more information.

You should rely only on the information contained or incorporated by reference in this prospectus and, if applicable, in any supplement to this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained in this prospectus and, if applicable, any prospectus supplement, or any document incorporated by reference in this prospectus or any prospectus supplement is accurate as of any date other than the date on their respective covers or as specifically indicated in the document. Our business, financial condition, results of operations and prospects may have changed since that date.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s web site at http://www.sec.gov. Unless specifically listed below, the information contained on the SEC web site is not intended to be incorporated by reference in this prospectus and you should not consider that information a part of this prospectus. You may also read and copy any document we file with the SEC at the SEC s public reference room located at 100 F Street, N.E. Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

We are incorporating by reference in this prospectus certain information that we have filed or will file with the SEC, which means that we are disclosing important information by referring you to those documents. The information we incorporate by reference is considered to be part of this prospectus. We

incorporate by reference into this prospectus the documents listed below and any future filings made by us with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus through the completion of this offering:

- Our Annual Report on Form 10-K for the year ended December 31, 2005 (the 2005 Form 10-K);

- Our definitive proxy statement filed on April 28, 2006 pursuant to Section 14 of the Exchange Act in connection with our 2006 Annual Meeting of Stockholders held on June 26, 2006;

- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (the 2006 First Quarter 10-Q), our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006 (the 2006 Second Quarter 10-Q) and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 (the 2006 Third Quarter 10-Q, and together with the 2006 First Quarter 10-Q and the 2006 Second Quarter 10-Q, the 2006 Form 10-Qs);

- Our Current Reports on Form 8-K filed January 12, 2006, January 25, 2006, February 27, 2006, March 21, 2006, May 4, 2006, May 5, 2006, June 30, 2006, July 27, 2006, August 1, 2006, August 4, 2006, August 24, 2006, October 30, 2006, December 7, 2006, and December 12, 2006;

- The description of our common stock contained in our registration statement on Form 8-A filed June 8, 1999; and

- The description of our preferred stock purchase rights (which trade with our common stock) contained in our registration statement on Form 8-A filed January 2, 2001.

Nothing in this prospectus shall be deemed to incorporate information furnished, but not filed, with the SEC pursuant to Item 2.02 or Item 7.01 of Form 8-K and corresponding information furnished under Item 9.01 of Form 8-K or included as an exhibit. Our SEC file number is 000-26301.

Any statements made in future SEC filings that are incorporated by reference into this prospectus will automatically update this prospectus, and any statements made in this prospectus update and supersede the information contained in past SEC filings incorporated by reference into this prospectus.

We will provide without charge to each person to whom a copy of this prospectus has been delivered, who makes a written or oral request, a copy of any and all of the documents referred to herein, including the registration rights agreement and indenture for the notes, which are summarized in this prospectus, by request directed to United Therapeutics Corporation, 1110 Spring Street, Silver Spring, Maryland 20910, Attn: Investor Relations, Telephone (301) 608-9292.

Any statements made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains and may refer you to documents that contain forward-looking statements made pursuant to the safe harbor provisions of Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995, which are based on our beliefs and expectations as to future outcomes. These statements include, among others, statements relating to the following:

- Expectations of revenues and profitability;
- The timing and outcome of clinical studies and regulatory filings;
- The achievement and maintenance of regulatory approvals;
- The availability of drug product;
- The ability to find alternate sources of supply and manufacturing for our products;
- The existence and activities of competitors;
- The expectation not to pay dividends on common stock in the foreseeable future;
- The pricing of Remodulin;
- The dosing and rate of patient consumption of Remodulin;
- The impacts of price changes and changes in patient consumption of Remodulin on future revenues;
- The expectation of reimbursement by third-party payers for intravenous Remodulin and the impact of any regulatory changes to the level of reimbursement;
- The expected levels and timing of bulk purchases of chemicals used to manufacture treprostinil, the active ingredient of Remodulin;
- The outcome of potential future regulatory actions from the FDA and other international regulatory agencies and any actions that may or may not be taken by the FDA and other international regulatory agencies as a result of any such regulatory actions;
- The rate of physician and patient acceptance of our products as safe and effective;
- The development and sale of products covered by licenses and assignments;
- The adequacy of our intellectual property protections and their expiration dates;
- The outcome of any litigation in which we are or become involved;
- The ability of third parties to develop, market, distribute and sell our products;
- The composition of our management team;
- The adequacy of our insurance coverage;

- The ability to obtain financing in the future;
- The value of our common stock;
- The expectation of future repurchases of our common stock;
- The funding of operations from future revenues;
- The expectation of continued profits or losses;
- The expected impact of the discontinuance of our HeartBar line of products in January 2006;

- Expectations concerning milestone and royalty payments in 2006 and beyond;
- Expectations concerning payments of contractual obligations in all future years and their amounts;
- The use of net operating loss carryforwards and business tax credit carryforwards and the impact of Section 382 of the Internal Revenue Code on their use;
- Income tax expenses and benefits in current and future periods;
- The completion of in-process research and development projects and their impact on our business;
- The pace and timing of enrollment in clinical trials;
- The expectation, outcome and timing of new and continuing regulatory approvals;
- The timing, resubmission, completion and outcome of the applications for approval of subcutaneous Remodulin in Ireland, Spain and the United Kingdom;
- The timing, completion and outcome of pricing approvals in European Union countries that approve subcutaneous Remodulin;
- The expectation, outcome and timing of marketing approvals in European Union countries for intravenous Remodulin;
- The expected levels and timing of Remodulin sales;
- The adequacy of our resources to fund operations;
- The expectation, outcome and timing of validation of, and level of spending to validate, a newly-constructed laboratory production facility in Silver Spring, Maryland;
- The potential amount of the minimum residual value guarantee under our synthetic lease agreement with Wachovia Bank, N.A. and Wachovia Development Corporation relating to our facility in Silver Spring, Maryland;
- Events that could occur upon termination of the Wachovia synthetic lease and related agreements;
- The potential impacts of new accounting standards;
- Our intent and ability to hold certain marketable investments until maturity;
- Any statements preceded by, followed by or that include the words believes, expects, predicts, anticipates, intends, estimates, should, may or similar expressions; and
- Other statements contained or incorporated by reference in this prospectus that are not historical facts.

These statements are subject to risks and uncertainties and our actual results may differ materially from anticipated results. Factors that may cause such a difference include, but are not limited to, those discussed below under Risk Factors and in Management s Discussion and Analysis of Financial Condition and Results of Operations in our 2005 Form 10-K and in our 2006 Form 10-Qs. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

The following summary contains basic information about us and this offering, but does not contain all the information that may be important to you. For a more complete understanding of this offering, we encourage you to read carefully this entire prospectus and the documents we refer you to, including the information set forth under Risk Factors and the documents incorporated by reference herein. In addition, certain statements are forward looking statements, which involve risks and uncertainties. See Special Note Regarding Forward-Looking Statements. Unless the context requires otherwise or unless otherwise noted, all references in this prospectus to United Therapeutics and to the company, we, us, or our are to United Therapeutics Corporation and its subsidiaries.

The Company

We are a biotechnology company focused on the development and commercialization of innovative therapeutic products for patients with chronic and life-threatening diseases. We are active in three therapeutic areas cardiovascular, cancer and infectious diseases. Our key therapeutic platforms include:

- *Prostacyclin Analogs*, which are stable synthetic forms of prostacyclin, an important molecule produced by the body that has powerful effects on blood vessel health and function. Our drug Remodulin® has been approved by the U.S. Food and Drug Administration, or FDA, for the treatment of pulmonary arterial hypertension, or PAH, in patients with New York Heart Association (NYHA) Class II-IV (moderate to severe) symptoms to diminish symptoms associated with exercise, and in other countries for similar use, and in most of Europe for the treatment of NYHA Class III patients with PAH;

- *Immunotherapeutic Monoclonal Antibodies*, which are antibodies that activate patients immune systems to treat cancer, including OvaRex®, which is being developed for the treatment of metastatic ovarian cancer; and

- *Glycobiology Antiviral Agents*, which are a novel class of small molecules that may be effective as an oral therapy for hepatitis C and other infections.

Most of our resources are focused on our prostacyclin analogs for the treatment of cardiovascular disease and immunotherapeutic monoclonal antibodies for the treatment of cancer. Our other principal focus area is the development of glycobiology antiviral agents for the treatment of hepatitis and other diseases. We also devote resources to the commercialization and further development of telemedicine products and services, principally for the detection of cardiac arrhythmias, as well as to arginine supplementation therapy for cardiovascular health.

Revenues from the sales of Remodulin for PAH commenced following its May 2002 FDA approval, and we have also generated revenues from sales of arginine products and telemedicine products and services. We field a sales and marketing organization that supports the commercial availability of Remodulin in the United States, Canada and Europe.

Our Products

Our product portfolio includes the following:

Product	Mode of Delivery	Indication/Market	Current Status	Our Territory
Remodulin	Continuous subcutaneous	Pulmonary arterial hypertension	Commercial in U.S., most of the European Union**, Switzerland, Australia, Canada, Israel, Mexico, Chile, Argentina and Peru	Worldwide
Remodulin	Continuous intravenous	Pulmonary arterial hypertension	Commercial in U.S., Canada, Israel, Mexico and Argentina. European reviews are ongoing	Worldwide
Arginine Formulations	Oral dietary supplement	Vascular function	Commercial	Worldwide
CardioPAL® and Decipher® Recorders	Telemedicine	Arrhythmias and ischemic heart disease	Commercial	Worldwide
OvaRex	Intravenous	Ovarian cancer	Phase III	Worldwide*
Treprostinil for Inhalation	Inhaled	Pulmonary arterial hypertension	Phase II/III	Worldwide
UT-15C Sustained Release	Oral	Pulmonary arterial hypertension	Phase II/III	Worldwide
UT-15C Sustained Release	Oral	Peripheral vascular disease/critical limb ischemia	Phase II	Worldwide
Remodulin	Intravenous	Improved transplant outcome	Phase II	Worldwide
Beraprost® SR	Oral	Peripheral vascular disease and pulmonary arterial hypertension	Phase I	U.S./Canada
BrevaRex®	Intravenous	Pancreatic cancer	Preclinical	Worldwide*
Glycobiology Antiviral Agents	Oral	Hepatitis B/C, dengue fever and Japanese encephalitis	Preclinical	Worldwide
OncoRex®	Intravenous	Various cancers	Preclinical	Worldwide*
ProstaRex®	Intravenous	Prostate cancer	Preclinical	Worldwide*
GivaRex®	Intravenous	Gastrointestinal cancer	Preclinical	Worldwide*

* Including Germany, but excluding the rest of Europe and the Middle East.

** We have obtained approval of 24 member countries of the European Union (Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Portugal, Cyprus, Finland, Hungary, Latvia, Lithuania, Norway, Poland, Slovakia, Slovenia, and Serbia), but are awaiting formal approval letters and pricing approvals in most of them.

Remodulin

In January 1997 and December 1996, we obtained worldwide rights for all indications to Remodulin, a prostacyclin analog, from Glaxo Wellcome, Inc. and Pharmacia & Upjohn Company, and in May 2002, we received approval by the FDA in the United States for Remodulin as a continuous subcutaneous (under the skin) infusion. In November 2004, the FDA approval was expanded to permit continuous intravenous (through a vein or artery) infusion in patients who cannot tolerate subcutaneous infusion. Remodulin is also approved as a continuous subcutaneous infusion in most of Europe, Canada, Israel, Australia, Argentina, Chile, Mexico and Peru. It is also approved as a continuous intravenous infusion in Canada, Israel, Mexico and Argentina.

Pulmonary Arterial Hypertension

We are focused primarily on developing Remodulin as our lead product for treating PAH. PAH is a life-threatening vascular disease that affects the blood vessels between the heart and lungs known as the pulmonary blood vessels. PAH 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. However, due to the rareness of PAH and the complexities of diagnosing it, only a fraction of these patients are being treated for PAH.

Our Corporate Information

We were incorporated in Delaware in June 1996. Our principal executive offices are located at 1110 Spring Street, Silver Spring, MD 20910, and our telephone number at that address is (301) 608-9292. We maintain an Internet website at http://www.unither.com. We have not incorporated by reference into this prospectus the information on our website, and you should not consider it to be a part of this prospectus.

The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the sections of this prospectus entitled Description of the Notes and Description of Capital Stock.

Issuer	United Therapeutics Corporation.
Notes Offered	$250,000,000 aggregate principal amount of 0.50% Convertible Senior Notes due October 15, 2011.
Maturity	October 15, 2011.
Optional Redemption	None.
Interest	The interest rate on the notes is 0.50% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, commencing April 15, 2007.
Right to Convert	Holders may surrender their notes for conversion at any time prior to the close of business on July 15, 2011 only if any of the following conditions is satisfied: • during any calendar quarter commencing after the date of original issuance of the notes, if the closing sale price of our common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the calendar quarter preceding the quarter in which the conversion occurs is more than 120% of the conversion price of the notes in effect on that last trading day; • during the ten consecutive trading-day period following any five consecutive trading-day period in which the trading price for the notes for each such trading day was less than 95% of the closing sale price of our common stock on such date multiplied by the then current conversion rate; or • if we make specific significant distributions to holders of our common stock, we enter into specified corporate transactions or our common stock ceases to be approved for listing on NASDAQ and is not listed for trading on another U.S. national or regional securities exchange. Holders may surrender their notes for conversion after July 15, 2011 and on or prior to the close of business on the business day immediately prior to the stated maturity date regardless of whether any of the foregoing conditions has been satisfied. See Description of the Notes Conversion of Notes.

Payment Upon Conversion	Each $1,000 principal amount of notes is convertible into cash and shares of our common stock, if any, based on an amount, which we refer to as the daily conversion value, calculated for each of the 20 trading days beginning on the third trading day immediately following the conversion date, which we refer to as the conversion period. The daily conversion value for each trading day during the conversion period is equal to one-twentieth of the product of the then applicable conversion rate multiplied by the volume weighted average price, as described in further detail under Description of the Notes Conversion of Notes Payment Upon Conversion, of our common stock, or such other form of consideration into which our common stock has been converted in connection with a fundamental change (as defined below under Description of the Notes Purchase of Notes at Your Option Upon a Fundamental Change), on that day. For each $1,000 aggregate principal amount of notes surrendered for conversion on or prior to the 25th scheduled trading day prior to the maturity date, we will deliver to you, on the third business day following the end of the conversion period, the aggregate of the following for each trading day during the related conversion period: (1) if the daily conversion value for such day exceeds $50.00, (a) a cash payment of $50.00 and (b) the remaining daily conversion value, which we refer to as the daily net share settlement value, in shares of our common stock; or (2) if the daily conversion value for such day is less than or equal to $50.00, a cash payment equal to the daily conversion value. For each $1,000 aggregate principal amount of notes surrendered for conversion after the 25th scheduled trading day prior to the maturity date and on or prior to the close of business on the business day immediately prior to maturity, (i) the holder will be deemed to have surrendered such note as of the business day immediately preceding the maturity date, (ii) the conversion period for such notes will commence on the trading day following the maturity date, (iii) in lieu of the payments and deliveries described above, the holder will receive (A) a cash payment of $1,000 on the maturity date and (B) on the third business day following the last day of the conversion period, the aggregate number of shares of our common stock deliverable in respect of the 20 trading days during the related conversion period as described under clause (1)(b) above, if any.

	The daily portion of the number of shares of common stock to be delivered under clause (1)(b) above will be determined by dividing the daily net share settlement value by the volume weighted average price of our common stock for the relevant day. No fractional shares will be issued upon conversion; in lieu thereof, we will deliver a number of shares of our common stock equal to the aggregate of the fractional shares otherwise deliverable for each trading day during the conversion period, rounded down to the nearest whole number, and pay cash equal to the remainder multiplied by the volume weighted average price of our common stock on the last trading day of the conversion period. The conversion price for each $1,000 aggregate principal amount of notes is initially $75.2257 per share of our common stock. The conversion rate of a note is equal to $1,000 divided by the then applicable conversion price at the time of determination (initially approximately 13.2933 shares of our common stock). The conversion price is subject to adjustment as described under Description of the Notes Conversion of Notes Conversion Price Adjustments. Accordingly, an adjustment to the conversion price will result in a corresponding adjustment to the conversion rate.
Conversion Rate Adjustment Upon a Qualifying Change in Control	If a qualifying change in control (as defined below under Description of the Notes Adjustment to Shares Delivered upon Conversion Upon a Qualifying Change of Control) occurs at any time prior to maturity, additional shares will be deliverable in respect of notes converted in connection with such qualifying change of control. A description of how the number of additional shares will be determined and a table showing the number of additional shares that would be deliverable under various circumstances is set forth under Description of the Notes Adjustment to Shares Delivered upon Conversion Upon a Qualifying Change of Control.
Purchase at Holder s Option Upon a Fundamental Change	You may require us to repurchase all or part of your notes upon the occurrence of a fundamental change at a price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest payable in cash. See Description of the Notes Purchase of Notes at Your Option Upon a Fundamental Change. A fundamental change generally involves the occurrence of any of the following: • any person or group becomes the owner of shares of our stock representing 50% or more of the total voting power of all outstanding classes of our voting stock or has the power to elect a majority of our board of directors;

	• we are a party to a consolidation, merger, transfer or lease of all or substantially all of our assets; • a majority of the members of our board of directors are not continuing directors; or • the holders of our capital stock approve any plan or proposal for the liquidation or dissolution of United Therapeutics. See Description of the Notes Purchase of Notes at Your Option Upon a Fundamental Change.
Ranking	The notes are our senior unsecured obligations and rank pari passu with all of our other senior unsecured debt and senior to all of our future subordinated debt. The notes are structurally subordinated to all present and future debt and other obligations of our subsidiaries. In addition, the notes are effectively subordinated to our obligations under our synthetic operating lease and related agreements with Wachovia Development Corporation and its affiliates and any future secured debt to the extent of the value of the collateral securing such obligations and indebtedness. The terms of the indenture under which the notes were issued do not limit our ability to incur additional indebtedness, senior or otherwise.
Use of Proceeds	We will not receive any cash proceeds from the sale of the notes or the shares of common stock offered under this prospectus.
Trading	The notes are not listed on any securities exchange or automated dealer quotation system. The notes are eligible for quotation on PORTAL. However, notes sold pursuant to this prospectus will no longer be eligible for quotation on PORTAL, and we do not intend to list the notes on any securities exchange or automated dealer quotation system. Our common stock is listed on NASDAQ under the symbol UTHR.
Registration Rights	Pursuant to a registration rights agreement with the initial purchaser, we agreed to file a shelf registration statement with the SEC with respect to resales of the notes and the shares of our common stock issuable upon conversion of the notes and use our commercially reasonable efforts to cause the shelf registration statement to become effective under the Securities Act of 1933, as amended, or the Securities Act, no later than 180 days after October 30, 2006. If we fail to comply with certain of our obligations under the registration rights agreement, we will be required to pay liquidated damages to the holders of the notes.

Additional Notes	We may, without the consent of the holders, reopen the notes and issue additional notes under the indenture with the same terms and with the same CUSIP number as the notes offered hereby in an unlimited aggregate principal amount, provided that no such additional notes that would give rise to greater current accruals of original issue discount for U.S. federal income tax purposes than the notes offered hereby may be issued. The notes and any such additional notes would be treated as a single class for all purposes under the indenture and would vote together as one class on all matters with respect to the notes.

Convertible Note Hedge and Warrant Transactions

In connection with the issuance of the notes, we entered into a privately-negotiated convertible note hedge transaction with Deutsche Bank AG London, an affiliate of the initial purchaser of the notes, which is expected to reduce the potential dilution to our common stock upon any conversion of the notes. We also entered into a warrant transaction with Deutsche Bank AG London with respect to our common stock pursuant to which we may issue shares of our common stock. In connection with these transactions, we used approximately $35 million of the net proceeds of our offering of the notes, representing the cost to us of the convertible note hedge transaction, partially offset by the proceeds to us of the warrant transaction.

In connection with these hedging transactions, Deutsche Bank AG London or its affiliates were expected to enter into various over-the-counter derivative transactions with respect to our common stock at, and possibly after, the pricing of the notes and may have purchased or may purchase shares of our common stock in secondary market transactions following the pricing of the notes. These activities could have had, or could have, the effect of increasing the price of our common stock. Deutsche Bank AG London or its affiliates are likely to modify their hedge positions from time to time prior to conversion or maturity of the notes by purchasing and selling shares of our common stock, other of our securities or other instruments it may wish to use in connection with such hedging.

The effect, if any, of any of these transactions and activities on the market price of our common stock or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of our common stock and the value of the notes and, as a result, the conversion value you will receive upon the conversion of the notes and, under certain circumstances, your ability to convert notes.

Risk Factors

See Risk Factors beginning on page 11 for a discussion of factors you should consider carefully before investing in the notes.

Summary Historical Consolidated Financial Data

The following summary historical consolidated financial data for the nine-month periods ended September 30, 2006 and 2005 and as of September 30, 2006 are derived from, and qualified by reference to, our unaudited condensed consolidated financial statements incorporated by reference in this prospectus. The summary historical consolidated financial data for each of the years in the three-year period ended December 31, 2005, and as of December 31, 2005 and 2004, are derived from, and qualified by reference to, our audited consolidated financial statements incorporated by reference in this prospectus. The summary data should be read in conjunction with our consolidated financial statements and related notes and the independent registered public accounting firm s report incorporated by reference in this prospectus. Such consolidated financial statements are included in our filings with the SEC. This summary financial data should be read in conjunction with, and are qualified in their entirety by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, all of which are contained in such SEC filings. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements, and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation of our financial condition and results of operations for such periods. Operating results for the nine months ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending December 31, 2006.

	Nine Months Ended September 30,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Revenues:					
Net product sales	$ 109,301	$ 82,142	$ 110,412	$ 69,539	$ 49,715
Service sales	4,505	3,870	5,241	4,051	3,626
License fees		262	262		
Total revenues	113,806	86,274	115,915	73,590	53,341
Operating expenses:					
Research and development	39,233	26,589	36,052	30,713	35,417
Selling, general and administrative	34,841	17,985	24,655	21,418	22,667
Write down of HeartBar® tradename	2,024				
Cost of product sales	10,722	7,609	10,242	6,347	4,994
Cost of service sales	1,553	1,553	2,073	1,903	1,789
Total operating expenses	88,373	53,736	73,022	60,381	64,867
Income (loss) from operations	25,433	32,538	42,893	13,209	(11,526)
Other income (expense):					
Interest income	7,047	3,600	5,359	2,986	2,435
Interest expense	(1)	(8)	(29)	(4)	(112)
Equity loss in affiliate	(398)	(564)	(754)	(785)	(953)
Other, net	37	40	53	43	187
Total other income, net	6,685	3,068	4,629	2,240	1,557
Net income (loss) before income tax	32,118	35,606	47,522	15,449	(9,969)
Income tax (expense) benefit	(13,660)		17,494		
Net income (loss)	$ 18,458	$ 35,606	$ 65,016	$ 15,449	$ (9,969)
Net income (loss) per common share:					
Basic	0.79	1.57	2.85	0.71	(0.47)
Diluted	0.72	1.41	2.58	0.66	(0.47)
Weighted average number of common shares outstanding:					
Basic	23,386	22,700	22,825	21,726	21,135
Diluted	25,464	25,268	25,206	23,351	21,135

	As of September 30, 2006 (in thousands)	As of December 31, 2005	2004
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 48,504	$ 69,180	$ 82,586
Marketable investments (1)	155,968	121,833	56,554
Total assets	297,774	291,413	207,158
Total liabilities	22,728	16,311	15,522
Accumulated deficit	(96,867)	(115,325)	(180,341)
Total stockholders equity	275,046	275,102	191,636

(1) Includes approximately $38.8 million, $20.7 million, and $10.1 million of restricted cash and marketable investments as of September 30, 2006, December 31, 2005 and December 31, 2004, respectively.

Ratio of Earnings to Fixed Charges

The following ratios of earnings to fixed charges should be read in conjunction with our consolidated financial statements and related notes relating to the relevant periods and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our 2005 Form 10-K and 2006 Third Quarter 10-Q.

	Nine Months Ended September 30, 2006	Years Ended December 31, 2005	2004	2003	2002	2001
	(in thousands, except ratio)					
Earnings (losses) from continuing operations before fixed charges	$ 25,433	$ 42,893	$ 13,209	$ (11,526)	$ (18,003)	$ (46,939)
Fixed charges						
Interest expenses, net of capitalized interest	$ 1	$ 29	$ 3	$ 112	$ 117	$ 173
Capitalized interest						
Portion of rentals representative of interest factor	695					
Total fixed charges	696	29	3	112	117	173
Ratio of earnings to fixed charges	36.54	1,479.07	4,403.00			
Excess fixed charges over earnings	$	$	$	$ 11,638	$ 18,120	$ 47,112

RISK FACTORS

You should consider the following risk factors, in addition to the other information presented in this prospectus and the documents incorporated by reference in this prospectus, in evaluating us, our business, and an investment in the notes. Any of the following risks, as well as other risks and uncertainties, could seriously harm our business and financial results and cause the value of the notes and our common stock into which the notes are convertible to decline, which in turn could cause you to lose all or part of your investment.

Risks Related to Our Business

Actual consolidated revenues and net income may be different from published securities analyst projections. In addition, we have a history of losses and may not continue to be profitable.

Many independent securities analysts have published quarterly and annual projections of our revenues and profits. These projections were made independently by the securities analysts based on their own analysis. Such estimates are inherently subject to a degree of uncertainty, in particular because we do not generally provide forward-looking guidance to the public. As a result, the actual revenues and net income may be greater or less than projected by such securities analysts. Even small variations in reported revenues and profits as compared to securities analysts expectations can lead to significant changes in our stock price.

Although we have been profitable for every quarter ended after March 31, 2004, we lost money from the date of our inception in 1996 through March 31, 2004. At September 30, 2006, our accumulated deficit was approximately $96.9 million.

Factors that could affect consolidated revenues and profitability and cause our quarterly and annual operating results to fluctuate include the following:

- Extent and timing of sales of Remodulin to distributors;
- Levels of Remodulin inventory held by our distributors and changes to those levels from quarter to quarter;
- Level of patient demand for Remodulin and other products;
- Status and impact of other approved competitive products such as Ventavis®, Revatio , Tracleer® and Flolan® and investigational competitive products such as ambrisentan , Thelin , Cialis®, Gleevec®, Aviptadil and other potential investigational competitive products;
- Changes in prescribers opinions about Remodulin;
- Impact of medical and scientific opinion about our products;
- Levels of research and development, selling, general and administrative expenses;
- Timing of payments to licensors and corporate partners;
- Retention and growth of patients treated with Remodulin;
- Remodulin side effects, including impact of infusion site pain and reaction from subcutaneous use of Remodulin and risk of line infections or sepsis relating to intravenous use of Remodulin;
- Changes in the current pricing and dosing levels of Remodulin;
- Changes in the length of time that Remodulin vials may be used by patients;
- Changes in the pricing of other therapies approved for PAH, including possible generic formulations of other approved therapies, such as Flolan, which may be sold in generic form beginning in May 2007;

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- The ability of our distributors to transition to the use of other infusion pumps currently available on the market due to Medtronic s discontinuance of the 407C infusion pumps;

- Willingness of private insurance companies, Medicare and Medicaid to reimburse Remodulin at current pricing levels;

- Impacts of new legislation and regulations and changes to the Medicare and Medicaid programs and their level of reimbursement of Remodulin;

- Our ability to maintain regulatory approval of Remodulin in the United States and other countries;

- Additional regulatory approvals for Remodulin in countries other than where it is currently sold;

- Continued performance by current Remodulin distributors under existing agreements;

- Size, scope and outcome of development efforts for existing and additional products;

- Future milestone and royalty payments under license and other agreements;

- Cost, timing and outcomes of regulatory reviews;

- Rate of technological advances;

- Our ability to establish, defend and enforce intellectual property rights;

- Development of manufacturing resources or the establishment, continuation or termination of third-party manufacturing arrangements;

- The expected levels and timing of bulk purchases of advanced intermediate compounds and other chemicals used to manufacture treprostinil, the active ingredient of Remodulin;

- Establishment, continuation or termination of third-party clinical trial arrangements;

- Development of sales and marketing resources or the establishment, continuation or termination of third-party sales and marketing arrangements;

- Impact of any regulatory restrictions on our marketing and promotional activities;

- Recovery of goodwill, intangible assets and investments in affiliates;

- Collection of accounts receivable and realization of inventories;

- Risks associated with acquisitions, including the ability to integrate acquired businesses;

- Unforeseen expenses;

- Actual growth in sales of telemedicine and arginine products;

- Actual expenses incurred in future periods; and

- Completion of additional acquisitions and execution of licensing agreements.

Most of our pharmaceutical products are in clinical studies. We might not maintain or obtain regulatory approvals for our pharmaceutical products and may not be able to sell our pharmaceutical products commercially. Even if we sell our products, we may not be profitable and may not be able to sustain any profitability we achieve.

We may not successfully compete with established drugs and the companies that develop and market them.

We compete with established drug companies during product development for, among other things, funding, access to licenses, expertise, personnel, clinical trial patients, and third-party collaborators. We

also compete with these companies following approval of our products. Almost all of these competitors have substantially greater financial, marketing, sales, distribution and technical resources, and more experience in research and development, clinical trials and regulatory matters, than we do.

We are aware of existing treatments that compete with our products, especially in the field of PAH. Patients and doctors may perceive these competing products to be safer, more effective, more convenient or less expensive than Remodulin. Accordingly, sales of Remodulin may not increase or may even decrease if doctors prescribe less Remodulin than they are prescribing at present.

For the treatment of PAH, we compete with many approved products in the United States and worldwide, including the following:

- Flolan was the first product approved by the FDA for treating PAH and has been marketed by GlaxoSmithKline PLC since 1996 and, beginning in the second quarter of 2006, by Myogen, Inc. On October 6, 2006, Myogen announced that it signed a merger agreement to be acquired by Gilead Sciences, Inc., which is regarded as a large and successful biotechnology company in the United States. Generic formulations of Flolan could be available for commercial sale as early as 2007. Flolan is delivered by intravenous infusion and considered to be an effective treatment by most PAH experts;

- Ventavis was approved in December 2004 in the United States and in September 2003 in Europe. Ventavis is the only prostacyclin that has been approved for inhalation, whereas Remodulin is only currently approved to be delivered through intravenous or subcutaneous infusion. Ventavis is marketed by CoTherix, Inc. in the United States and Schering AG in Europe. On November 20, 2006, CoTherix announced that it signed an agreement to be acquired by Actelion, Ltd., the manufacturer and distributor of Tracleer;

- Tracleer, the first oral drug to be approved for PAH, is also the first drug in its class, known as endothelin receptor antagonists. Tracleer was approved in December 2001 in the United States and May 2002 in Europe. Tracleer is marketed by Actelion, Ltd. worldwide. As an oral therapy, Tracleer is a very convenient therapy; and

- Revatio was approved in June 2005 in the United States. Revatio is also an oral therapy and is marketed by Pfizer. Revatio is a different formulation of the very successful drug Viagra® and is the first drug in its class, known as PDE-5 inhibitors, to be approved for PAH.

Doctors may reduce the dose of Remodulin given to their patients if they prescribe our competitors products in combination with Remodulin. In addition, certain of our competitors products are less invasive than Remodulin and the use o