UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to

Commission file number 0-26301

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 No.)
1040 Spring Street, Silver Spring, MD (Address of Principal Executive Offices)	**20910** (Zip Code)

(301) 608-9292

(Registrant s Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or smaller reporting company. See definition of large accelerated filer , accelerated filer , and smaller reporting company in Rule 12b-2 of the Exchange Act:

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares outstanding of the issuer s common stock, par value $.01 per share, as of July 23, 2010 was 56,450,255.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

UNITED THERAPEUTICS CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

		June 30, 2010 (Unaudited)		December 31, 2009
Assets				
Current assets:				
Cash and cash equivalents	$	285,409	$	100,352
Marketable investments		94,066		129,140
Accounts receivable, net of allowance of none for 2010 and 2009		83,514		50,626
Other current assets		2,985		2,638
Prepaid expenses		9,392		8,199
Inventories, net		30,243		26,360
Deferred tax assets		10,683		7,192
Total current assets		516,292		324,507
Marketable investments		135,285		148,628
Marketable investments and cash restricted		40,188		39,976
Goodwill and other intangibles, net		16,083		18,418
Property, plant and equipment, net		302,544		303,859
Deferred tax assets		169,478		200,969
Other assets (None and $6,741, respectively, measured under the fair value option)		7,805		15,187
Total assets	$	1,187,675	$	1,051,544
Liabilities and Stockholders Equity				
Current liabilities:				
Accounts payable	$	9,349	$	18,750
Accrued expenses		41,889		29,764
Notes payable		227,979		220,272
Lease obligation current		30,875		
Other current liabilities		55,632		61,401
Total current liabilities		365,724		330,187
Lease obligation noncurrent				30,327
Other liabilities		28,768		27,139
Total liabilities		394,492		387,653
Commitments and contingencies:				
Common stock subject to repurchase		10,882		10,882
Stockholders equity:				
Preferred stock, par value $.01, 10,000,000 shares authorized, no shares issued				
Series A junior participating preferred stock, par value $.01, 100,000 authorized, no shares issued				
		589		567

Common stock, par value $.01, 245,000,000 and 100,000,000 shares authorized at June 30, 2010 and December 31, 2009, respectively, 58,855,365 and 56,682,369 shares issued at June 30, 2010, and December 31, 2009, respectively, and 56,393,775 and 54,220,779 outstanding at June 30, 2010, and December 31, 2009, respectively				
Additional paid-in capital		874,434		798,897
Accumulated other comprehensive loss		(7,217)		(4,314)
Treasury stock at cost, 2,461,590 shares at June 30, 2010 and December 31, 2009		(67,395)		(67,395)
Accumulated deficit		(18,110)		(74,746)
Total stockholders equity		782,301		653,009
Total liabilities and stockholders equity	$	1,187,675	$	1,051,544

See accompanying notes to consolidated financial statements.

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UNITED THERAPEUTICS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	(Unaudited)		(Unaudited)	
Revenues:				
Net product sales	$ 134,458	$ 81,009	$ 260,134	$ 157,867
Service sales	2,751	2,648	5,673	5,178
License fees	282	323	564	665
Total revenues	137,491	83,980	266,371	163,710
Operating expenses:				
Research and development	28,944	28,646	63,815	49,605
Selling, general and administrative	31,036	49,371	77,913	78,589
Cost of product sales	15,275	9,015	29,011	17,081
Cost of service sales	1,409	1,069	2,559	1,989
Total operating expenses	76,664	88,101	173,298	147,264
Income (loss) from operations	60,827	(4,121)	93,073	16,446
Other (expense) income:				
Interest income	802	1,335	1,746	3,056
Interest expense	(4,759)	(3,248)	(9,446)	(5,885)
Equity loss in affiliate	(44)	(38)	(91)	(57)
Other, net	93	529	318	894
Total other (expense) income, net	(3,908)	(1,422)	(7,473)	(1,992)
Income (loss) before income tax	56,919	(5,543)	85,600	14,454
Income tax (expense) benefit	(19,212)	3,199	(28,964)	(3,599)
Net income (loss)	$ 37,707	$ (2,344)	$ 56,636	$ 10,855
Net income (loss) per common share:				
Basic	$ 0.67	$ (0.04)	$ 1.02	$ 0.21
Diluted	$ 0.62	$ (0.04)	$ 0.95	$ 0.20
Weighted average number of common shares outstanding:				
Basic	56,047	52,982	55,411	52,932
Diluted	60,393	52,982	59,548	54,686

See accompanying notes to consolidated financial statements.

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UNITED THERAPEUTICS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended June 30, 2010		Six Months Ended June 30, 2009	
	(Unaudited)			
Cash flows from operating activities:				
Net income	$	56,636	$	10,855
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		9,153		4,168
Provisions for bad debt and inventory obsolescence		828		705
Deferred tax expense		28,964		3,599
Share-based compensation		29,755		48,420
Amortization of debt discount and debt issue costs		8,273		7,722
Amortization of discount or premium on investments		876		680
Equity loss in affiliate and other		(56)		(2,998)
Excess tax benefits from share-based compensation		(16,355)		(1,592)
Changes in operating assets and liabilities:				
Accounts receivable		(32,969)		(5,943)
Inventories		(4,757)		(896)
Prepaid expenses		(1,143)		2,529
Other assets		(481)		(608)
Accounts payable		(9,329)		(10,201)
Accrued expenses		11,685		3,219
Other liabilities		(11,628)		(2,246)
Net cash provided by operating activities		69,452		57,413
Cash flows from investing activities:				
Purchases of property, plant and equipment		(9,117)		(49,837)
Purchases of held-to-maturity investments		(142,596)		(116,986)
Maturities of held-to-maturity investments		196,848		114,781
Redemptions of trading investments		17,175		50
Restrictions on cash		(17,156)		(8,994)
Net cash provided by (used in) investing activities		45,154		(60,986)
Cash flows from financing activities:				
Proceeds from the exercise of stock options		54,600		6,112
Excess tax benefits from share-based compensation		16,355		1,592
Net cash provided by financing activities		70,955		7,704
Effect of exchange rate changes on cash and cash equivalents		(504)		(59)
Net increase in cash and cash equivalents		185,057		4,072
Cash and cash equivalents, beginning of period		100,352		129,452
Cash and cash equivalents, end of period	$	285,409	$	133,524
Supplemental schedule of cash flow information:				
Cash paid for interest	$	625	$	625
Cash paid for income taxes	$	2,179	$	2,919
Non cash investing activity Non-cash additions to property, plant and equipment	$		$	9,444

See accompanying notes to consolidated financial statements.

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UNITED THERAPEUTICS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2010

(UNAUDITED)

1. Organization and Business Description

United Therapeutics Corporation is a biotechnology company focused on the development and commercialization of unique products to address the unmet medical needs of patients with chronic and life-threatening conditions. As used in these notes to the consolidated financial statements, unless the context otherwise requires, the terms we, us, our, and similar terms refer to United Therapeutics Corporation and its consolidated subsidiaries.

Our lead product, Remodulin® (treprostinil) Injection (Remodulin), was approved in 2002 by the United States Food and Drug Administration (FDA). Remodulin is also approved for use in countries outside of the United States, predominantly for subcutaneous administration. In 2009, we received FDA approval for Adcirca® (tadalafil) tablets (Adcirca) and for Tyvaso® (treprostinil) Inhalation Solution (Tyvaso). We have generated pharmaceutical revenues and license fees in the United States, Canada, the European Union, South America and Asia. Tyvaso is approved for marketing in the United States and our commercialization rights to Adcirca are limited to the United States and Puerto Rico. In addition, we have generated non-pharmaceutical revenues from telemedicine products and services in the United States.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (SEC) for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles (GAAP) for complete financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the accompanying notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC on February 26, 2010.

In our management s opinion, the accompanying consolidated financial statements contain all adjustments, including normal, recurring adjustments, necessary to fairly present our financial position as of June 30, 2010, our results of operations for the three- and six-month periods ended June 30, 2010 and 2009, and our cash flows for the six months ended June 30, 2010 and 2009. Interim results are not necessarily indicative of results for an entire year.

3. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market (current replacement cost) and consist of the following, net of reserves (in thousands):

	June 30, 2010	December 31, 2009
Pharmaceutical products:		
Raw materials	$ 5,997	$ 4,751
Work-in-progress	12,163	12,101
Finished goods	10,811	8,899
Delivery pumps, cardiac monitoring equipment and medical supplies	1,272	609
Total inventories	$ 30,243	$ 26,360

4. Fair Value Measurements

Assets and liabilities subject to fair value measurements are required to be disclosed within a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of inputs used to determine fair value and classifies assets and liabilities carried at, or permitted to be carried at, fair value in one of the following categories based on the lowest level input that is significant to a fair value measurement:

Level 1 Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.

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Level 2 Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models such as interest rates and yield curves that can be corroborated by observable market data.

Level 3 Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgment e.g., an adjustment to a discount factor for illiquidity associated with a given security.

Assets and liabilities subject to fair value measurements are as follows (in thousands):

	As of June 30, 2010			
	Level 1	Level 2	Level 3	Balance
Assets				
Auction-rate securities(1)	$	$	$ 19,025	$ 19,025
Money market funds(3)	126,874			126,874
Federally-sponsored and corporate debt securities(4)		214,242		214,242
Available-for-sale equity investment	234			234
Total Assets	$ 127,108	$ 214,242	$ 19,025	$ 360,375
Liabilities				
Convertible senior notes	$ 332,471	$	$	$ 332,471
Contingent consideration Tyvaso Inhalation System acquisition(5)			1,461	1,461
Total liabilities	$ 332,471	$	$ 1,461	$ 333,932

	As of December 31, 2009			
	Level 1	Level 2	Level 3	Balance
Assets				
Auction-rate securities(1)	$	$	$ 29,332	$ 29,332
Auction-rate securities put option(2)			6,741	6,741
Money market funds(3)	48,220			48,220
Federally-sponsored and corporate debt securities(4)		269,649		269,649
Available-for-sale equity investment	161			161
Total Assets	$ 48,381	$ 269,649	$ 36,073	$ 354,103
Liabilities				
Convertible senior notes	$ 361,843	$	$	$ 361,843
Contingent consideration Tyvaso Inhalation System acquisition(5)			5,602	5,602
Total liabilities	$ 361,843	$	$ 5,602	$ 367,445

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(1) Included in current marketable investments and non-current marketable investments on the accompanying consolidated balance sheets at June 30, 2010 and December 31, 2009, respectively. The fair value of our auction-rate securities (ARS) has been estimated using both market and income approaches. The market comparables method includes consideration of pricing data to estimate discounts being applied to similar securities upon their sale in the secondary market. Although the volume of secondary market activity has been increasing, we do not believe it occurs with sufficient frequency to rely solely on such data to determine the fair value of our ARS. Therefore, we also utilize a discounted cash flow (DCF) model to estimate fair value. Key assumptions of the DCF model are subjective and include: a reference, or benchmark, rate of interest based on the London Interbank Offered Rate (LIBOR), expected amounts and timing of cash flows for a given security, and the weighted average expected life of a security and its underlying collateral. In addition, the model considers the risks associated

with: (i) the creditworthiness of the issuer; (ii) the quality of the collateral underlying the investment; and (iii) illiquidity. The benchmark interest rate is adjusted depending on the degree of risk associated with each security within our auction-rate portfolio.

(2) Included within other non-current assets on the accompanying consolidated balance sheet at December 31, 2009. We estimate the fair value of the auction-rate securities put option using a DCF approach. Key assumptions used in the DCF model require the use of significant judgment and include: (i) a discount factor equal to the rate of interest consistent with the expected term of the auction-rate securities put option and risk profile of the investment firm

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subject to the auction-rate securities put option; (ii) the amount and timing of expected cash flows; (iii) the expected life of the auction-rate securities put option prior to its exercise; and (iv) assumed loan amounts. See Note 4 *Fair Value Measurements Auction-Rate Securities* to these consolidated financial statements for further information.

(3) Included in cash and cash equivalents and marketable investments and cash restricted on the accompanying consolidated balance sheets.

(4) Included in current and non-current marketable investments on the accompanying consolidated balance sheets. The fair value of these securities is derived using a market approach i.e., from pricing models that rely on relevant observable market data including interest rates, yield curves, recently reported trades of comparable securities, credit spreads and benchmark securities. See also Note 5 *Investments Held-to-Maturity Investments* to these consolidated financial statements.

(5) Included in non-current liabilities on the accompanying consolidated balance sheets. The liability has been recognized in connection with our acquisition of the assets, properties and rights used to manufacture the Tyvaso Inhalation System from NEBU-TEC International Med Products Eike Kern GmbH (NEBU-TEC) in September 2009. Included in the terms of the acquisition is a requirement that we pay contingent consideration of up to 10.0 million in specified increments if the number of patients using the Tyvaso Inhalation System meets or exceeds certain thresholds measured at designated intervals. We also have the option to purchase NEBU-TEC s next generation nebulizer, the SIM-Neb. If this option were to be exercised, we would no longer be required to make future contingent payments. The fair value of the contingent consideration has been measured using a probability weighted DCF model which incorporates a discount rate based on our estimated weighted average cost of capital and our projections regarding the timing and number of patients using the Tyvaso Inhalation System. The DCF model also considers the probability and impact of exercising our option to acquire the SIM-Neb and the potential introduction of new therapies.

A reconciliation of the beginning and ending balances of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) for the three- and six-month periods ended June 30, 2010, is presented below (in thousands):

	Auction-rate Securities	**Auction-Rate Securities Put Option**	**Contingent Consideration Tyvaso Inhalation System Acquisition**	**Total**
Balance March 31, 2010	$ 30,375	$ 5,518	$ 5,346	$ 41,239
Transfers to (from) Level 3				
Total gains/losses realized/unrealized included in earnings(1)	5,575	(5,518)	(2,664)	(2,607)
Total gains/losses included in other comprehensive income				
Purchases/sales/issuances/settlements, net	(16,925)		(1,221)	(18,146)
Balance June 30, 2010	$ 19,025	$	$ 1,461	$ 20,486

	Auction-rate Securities	**Auction-Rate Securities Put Option**	**Contingent Consideration Tyvaso Inhalation System**	**Total**

				Acquisition	
Balance January 1, 2010	$ 29,332	$ 6,741	$ 5,602	$ 41,675
Transfers to (from) Level 3				
Total gains/losses realized/unrealized included in earnings(1)	6,868	(6,741)	(2,920)	(2,793)
Total gains/losses included in other comprehensive income				
Purchases/sales/issuances/settlements, net	(17,175)		(1,221)	(18,396)
Balance June 30, 2010	$ 19,025	$	$ 1,461	$ 20,486

(1) Includes net gains of $2.9 million and $3.9 million for the three- and six-month periods ended June 30, 2010, attributable to the change in unrealized gains or losses from assets and liabilities still held at June 30, 2010. Unrealized gains and losses relating to the ARS and the related put option have been recognized within other income on our consolidated statements of operations and unrealized gains associated with the contingent consideration have been included within selling, general and administrative expenses on our consolidated statements of operations.

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Auction-Rate Securities

Our marketable investments include student loan backed ARS. Since 2008, our ARS have remained illiquid due to the failure of the auction-rate securities market. To mitigate the risks associated with our ARS, in November 2008, we accepted the terms of an Auction Rate Securities Rights Offer (Rights Offer) with the investment firm that maintains our ARS account. Pursuant to the Rights Offer, we could sell our ARS to the investment firm for a price equal to their par value at any time between June 30, 2010 and July 2, 2012 (Put Option). To help meet any immediate liquidity needs, the Rights Offer permitted us to borrow up to the par value of the ARS.

The Put Option is being accounted for under the fair value option. Accordingly, all changes in fair value are recognized within earnings under the caption other income on our consolidated statements of operations. For the three-month periods ended June 30, 2010 and 2009, related gains/(losses) recognized were $(5.5) million and $167,000, respectively. For the six-month periods ended June 30, 2010 and 2009, related gains/(losses) recognized were $(6.7) million and $659,000, respectively. Since there is not an observable market for the Put Option, its fair value has been estimated using significant unobservable inputs, as noted above.

On June 30, 2010, we exercised the Put Option to sell back all of our remaining ARS for their par value of $19.0 million, and the sale was completed on July 1, 2010. Consequently, we reclassified the ARS from non-current assets to current assets and wrote off the value of the Put Option as of June 30, 2010.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivables, accounts payable and accrued expenses approximate their fair value because of their short maturities. The fair value of marketable investments is presented in Note 5 *Investments* to these consolidated financial statements and the fair value of the 0.50% Convertible Senior Notes due October 2011 is reported above.

5. Investments

Held-to-Maturity Investments

Marketable investments classified as held-to-maturity consist of the following (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government-sponsored enterprises at June 30, 2010	$ 122,280	$ 117	$ (23)	$ 122,374
Corporate notes and bonds at June 30, 2010	91,846	107	(85)	91,868

Total	$ 214,126	$ 224	$ (108)	$ 214,242
As reported on the consolidated balance sheets at June 30, 2010:				
Current marketable securities	$ 94,066			
Noncurrent marketable securities	120,060			
	$ 214,126			

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government-sponsored enterprises at December 31, 2009	$ 172,531	$ 559	$ (247)	$ 172,843
Corporate notes and bonds at December 31, 2009	96,697	158	(49)	96,806
Total	$ 269,228	$ 717	$ (296)	$ 269,649
As reported on the consolidated balance sheets at December 31, 2009:				
Current marketable securities	$ 129,140			
Noncurrent marketable securities	140,088			
	$ 269,228			

Certain held-to-maturity investments have been pledged as collateral to Wachovia Development Corporation under the laboratory lease described in Note 10 *Lease Obligation* to these consolidated financial statements and are classified as restricted marketable investments and cash on our consolidated balance sheets.

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The following table summarizes gross unrealized losses and the length of time marketable investments have been in a continuous unrealized loss position (in thousands):

	As of June 30, 2010		As of December 31, 2009	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Government sponsored:				
Continuous unrealized loss position less than one year	$ 28,012	$ (23)	$ 54,299	$ (247)
Continuous unrealized loss position greater than one year				
	28,012	(23)	54,299	(247)
Corporate notes:				
Continuous unrealized loss position less than one year	$ 56,412	$ (85)	$ 64,499	$ (49)
Continuous unrealized loss position greater than one year				
	56,412	(85)	64,499	(49)
Total	$ 84,424	$ (108)	$ 118,798	$ (296)

We attribute the unrealized losses on held-to-maturity securities as of June 30, 2010, to the variability in related market interest rates. We do not intend to sell these securities, nor is it more likely than not that we will be required to sell them prior to the end of their contractual term. Furthermore, we believe these securities do not subject us to undue market risk or counterparty credit risk. As such, we do not consider these securities to be other than temporarily impaired.

The following table summarizes the contractual maturities of held-to-maturity marketable investments at June 30, 2010 (in thousands):

	June 30, 2010	
	Amortized Cost	Fair Value
Due in less than one year	$ 99,055	$ 99,131
Due in one to two years	115,071	115,111
Due in three to five years		
Due after five years		
Total	$ 214,126	$ 214,242

Trading Investments

Trading securities consist of the following (in thousands):

	Par Value	Cumulative Gross Trading Gains	Cumulative Gross Trading Losses	Other Than Temporary Impairment(1)	Estimated Fair Value
Municipal notes (ARS) at June 30, 2010	$ 19,025	$ 8,912	$ (2,604)	$ (6,308)	$ 19,025
	$ 36,200	$ 2,044	$ (2,604)	$ (6,308)	$ 29,332

Municipal notes (ARS) at December 31, 2009

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(1) Recognized during the year ended December 31, 2008.

For the three months ended June 30, 2010 and 2009, we recognized trading gains of $5.6 million and $212,000, respectively, related to trading securities still held at June 30, 2010 and 2009. For the six months ended June 30, 2010 and 2009, we recognized trading gains of $6.9 million and $74,000, respectively, related to trading securities still held at June 30, 2010 and 2009.

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Equity Investments

We own less than 1% of the common stock of Twin Butte Energy Ltd. (Twin Butte). Our investment in Twin Butte is classified as available-for-sale and reported at fair value based on the quoted market price.

We have an investment totaling approximately $4.9 million in the preferred stock of a privately held corporation. We account for this investment at cost, as its fair value is not readily determinable. The fair value of our investment has not been estimated as of June 30, 2010, as there have been no events or developments indicating that the investment may be impaired. This investment is reported within non-current other assets on our consolidated balance sheets.

6. Goodwill and Other Intangible Assets

Goodwill and other intangible assets comprise the following (in thousands):

	As of June 30, 2010			As of December 31, 2009		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Goodwill(1)	$ 8,570	$	$ 8,570	$ 8,763	$	$ 8,763
Other intangible assets(1):						
Technology, patents and tradenames	8,631	(4,922)	3,709	9,364	(4,586)	4,778
Customer relationships and non-compete agreements	4,386	(582)	3,804	5,150	(273)	4,877
Total	$ 21,587	$ (5,504)	$ 16,083	$ 23,277	$ (4,859)	$ 18,418

(1) Includes adjustments for foreign currency translation as of June 30, 2010 and December 31, 2009.

Total amortization relating to other intangible assets for the five succeeding years and thereafter is presented below (in thousands):

Years ending December 31,	
2011	$ 1,363
2012	1,230
2013	1,208
2014	1,200
2015	966
Thereafter	830
	$ 6,797

7. Supplemental Executive Retirement Plan

We maintain the United Therapeutics Corporation Supplemental Executive Retirement Plan (SERP) to provide retirement benefits to certain members of our management team. In connection with the SERP, we maintain the United Therapeutics Corporation Supplemental Executive Retirement Plan Rabbi Trust Document (Rabbi Trust) that we entered into with the Wilmington Trust Company. The balance in the Rabbi Trust was approximately $5.1 million as of June 30, 2010, and December 31, 2009. The Rabbi Trust is irrevocable and SERP participants will have no preferred claim on, nor any beneficial ownership interest in, any assets of the Rabbi Trust. The investments in the Rabbi Trust are classified as restricted marketable investments and cash on our consolidated balance sheets.

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The table below discloses the components of the periodic benefit cost (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Service cost	$ 856	$ 661	$ 1,712	$ 1,322
Interest cost	194	140	388	280
Amortization of prior period service costs	36	36	72	72
Recognized actuarial net loss	28		56	
Net pension expense	$ 1,114	$ 837	$ 2,228	$ 1,674

8. Share Tracking Awards Plan

We maintain the United Therapeutics Corporation Share Tracking Awards Plan (STAP). Awards granted under the STAP (Awards) are non-dilutive as they are not settled in shares of our common stock, but rather convey the right to receive in cash an amount equal to the appreciation of our common stock, which is calculated as the positive difference between the closing price of our common stock on the date of exercise and the date of grant. Outstanding Awards generally vest in equal increments on each anniversary of the date of grant over a three- or four-year period and expire on the tenth anniversary of the date of grant. The maximum number of Awards available for grant under the STAP is 9,000,000.

We account for outstanding Awards as a liability because they are required to be settled in cash. Accordingly, we estimate the fair value of Awards at each financial reporting date using the Black-Scholes-Merton valuation model until settlement occurs or Awards are otherwise no longer outstanding. The STAP liability balance was $73.1 million and $64.2 million at June 30, 2010 and December 31, 2009, respectively, and has been included in other current liabilities on our consolidated balance sheets. The change in the fair value of outstanding Awards at each reporting date is recognized as an adjustment to compensation expense on our consolidated statements of operations.

In estimating the fair value of Awards, we are required to use inputs that materially impact the determination of fair value and compensation expense to be recognized. These inputs include the expected volatility of the price of our common stock, the risk-free interest rate, the expected term of Awards, the expected forfeiture rate and the expected dividend.

The table below presents the assumptions used to measure the fair value of Awards at June 30, 2010 and 2009:

	June 30, 2010	June 30, 2009
Expected volatility	47.3%	49.2%
Risk-free interest rate	1.6%	2.6%
Expected term of Awards (in years)	4.8	5.4
Expected forfeiture rate	6.0%	5.9%
Expected dividend yield	0.0%	0.0%

A summary of the activity and status of Awards is presented below:

	Number of Awards	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in Thousands)
Outstanding at January 1, 2010	6,363,720	$ 32.19		
Granted	1,491,587	56.46		
Exercised	(429,158)	28.12		
Forfeited	(145,207)	36.45		
Outstanding at June 30, 2010	7,280,942	$ 37.31	8.7	$ 83,718
Awards exercisable at June 30, 2010	1,646,976	$ 28.76	8.3	$ 33,017
Awards expected to vest at June 30, 2010	5,197,547	$ 39.83	8.9	$ 46,665

The weighted average fair value of Awards granted during the six-month periods ended June 30, 2010 and 2009, was $27.71 and $22.67, respectively.

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Share-based compensation expense related to outstanding Awards is as follows (in thousands):

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Cost of service sales	$ 1	$ 58	$ 113	$ 69
Research and development	501	6,615	9,725	8,602
Selling, general and administrative	283	9,921	10,341	12,489
Share-based compensation expense before taxes	785	16,594	20,179	21,160
Related income tax benefits	(290)	(4,978)	(7,466)	(6,348)
Share-based compensation expense, net of taxes	$ 495	$ 11,616	$ 12,713	$ 14,812
Share-based compensation capitalized as part of inventory	$ 45	$ 712	$ 539	$ 37

During the six-month periods ended June 30, 2010 and 2009, we paid $10.6 million and $418,000, respectively, in connection with the exercise of Awards.

9. Debt

Convertible Senior Notes

On October 30, 2006, we issued at par value $250.0 million of 0.50% Convertible Senior Notes due October 2011 (Convertible Senior Notes). We pay interest on the Convertible Senior Notes semi-annually on April 15 and October 15 of each year. The Convertible Senior Notes are unsecured, unsubordinated debt obligations that rank equally with all of our other unsecured and unsubordinated indebtedness. The conversion price is $37.6129 per share and the number of shares on which the aggregate consideration is to be determined upon conversion is approximately 6,646,000.

Conversion can occur: (1) anytime after July 15, 2011; (2) during any calendar quarter that follows a calendar quarter in which the price of our common stock exceeded 120% of the conversion price for at least 20 days during the 30 consecutive trading- day period ending on the last trading day of the quarter; (3) during the ten consecutive trading-day period following any five consecutive trading-day period in which the trading price of the Convertible Senior Notes was less than 95% of the closing price of our common stock multiplied by the then current number of shares underlying the Convertible Senior Notes; (4) upon specified distributions to our shareholders; (5) in connection with corporate transactions; or (6) in the event that our common stock ceases to be listed on the NASDAQ Global Select Market and is not listed for trading on another U.S. national or regional securities exchange.

Upon conversion, holders of our Convertible Senior Notes will receive: (1) cash equal to the lesser of the principal amount of the notes or the conversion value (the number of shares underlying the Convertible Senior Notes multiplied by the then current conversion price per share); and (2) to the extent the conversion value exceeds the principal amount of the Convertible Senior Notes, shares of our common stock. In the event of a change in control, as defined in the indenture under which the Convertible Senior Notes have been issued, holders can require us to purchase from them all or a portion of their Convertible Senior Notes for 100% of the principal value plus any accrued and unpaid interest. At June 30, 2010, the aggregate conversion value of the Convertible Senior Notes exceeded their principal value by $74.4 million using a conversion price of $48.81, the closing price of our common stock on June 30, 2010. We have reserved sufficient shares of our common stock to satisfy the conversion requirements related to the Convertible Senior Notes.

The closing price of our common stock exceeded 120% of the conversion price of the Convertible Senior Notes for more than 20 trading days during the 30 consecutive trading-day periods ending on June 30, 2010 and December 31, 2009. Consequently, the Convertible Senior Notes were convertible at the election of their holders. As this conversion right is outside of our control, the Convertible Senior Notes have been classified as a current liability on the accompanying consolidated balance sheets. This contingent conversion measurement is calculated at the end of each quarterly reporting period. Therefore, the classification of the Convertible Senior Notes may be subject to change depending on the price of our common stock.

Because the terms of the Convertible Senior Notes provide for settlement wholly or partially in cash, we are required to account for the liability and equity components of these debt instruments separately in a manner that reflects our non-convertible borrowing rate. Accordingly, we estimated the fair value of the Convertible Senior Notes without the conversion feature as of the date of issuance (Liability Component). The estimated fair value of the Liability Component was $177.6 million. The excess of the proceeds received over the estimated fair value of the Liability Component totaling $72.4 million was allocated to the conversion feature (Equity Component) and a corresponding offset was recognized as a discount to reduce the net carrying value of the Convertible Senior Notes. The discount is being amortized to interest expense over a five-year period ending October 2011 (the

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expected life of the Liability Component) using the interest method and an effective rate of interest of 7.5%, which corresponds to our non-convertible borrowing rate at the date of issuance.

Interest expense associated with the Convertible Senior Notes consists of the following (in thousands):

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Contractual coupon rate of interest	$ 312	$ 312	$ 625	$ 625
Discount amortization	3,889	3,611	7,707	7,155
Interest expense Convertible Senior Notes	$ 4,201	$ 3,923	$ 8,332	$ 7,780

Amounts comprising the carrying amount of the Convertible Senior Notes are as follows (in thousands):

	June 30, 2010	December 31, 2009
Principal balance	$ 249,978	$ 249,978
Discount, net of accumulated amortization of $50,404 and $42,697	(21,999)	(29,706)
Carrying amount	$ 227,979	$ 220,272

Call Spread Option

Concurrent with the issuance of the Convertible Senior Notes, we purchased call options on our common stock in a private transaction with Deutsche Bank AG London (Call Option). The Call Option allows us to purchase up to approximately 6.6 million shares of our common stock, which is equal to the maximum number of shares we could be required to issue upon conversion of the Convertible Senior Notes, at a price of $37.6129 per share. We will be required to issue shares of our common stock upon conversion if the price of our common stock exceeds $37.6129 per share upon conversion. The Call Option will terminate upon the earlier of the maturity date of the Convertible Senior Notes or the first day all of the Convertible Senior Notes are no longer outstanding due to conversion or otherwise. We paid $80.8 million for the Call Option, which was recorded as a reduction to additional paid-in-capital.

In a separate transaction that took place simultaneously with the issuance of the Convertible Senior Notes, we sold a warrant to Deutsche Bank AG London under which Deutsche Bank AG London has the right to purchase approximately 6.6 million shares of our common stock at an exercise price of $52.845 per share (Warrant). Proceeds received from the Warrant totaled $45.4 million and were recorded as additional paid-in-capital.

The shares deliverable to us under the Call Option must be obtained from existing shareholders. Any shares that we may be required to deliver under the Warrant can consist of registered or unregistered shares, subject to potential adjustments to the settlement amount. The maximum number of shares of our common stock that we may be required to deliver in connection with the Warrant is approximately 6.6 million. We have reserved approximately 6.6 million shares for the settlement of the Warrant and had sufficient shares available as of June 30, 2010, to effect such settlement.

The combination of the Call Option and Warrant effectively reduces the potential dilutive impact of the Convertible Senior Notes. The Call Option has a strike price equal to the conversion price of the Convertible Senior Notes and the Warrant has a higher strike price per share that caps the amount of protection we could receive against dilution under these instruments. The Call Option and Warrant can be settled on a net share basis.

These instruments are considered both indexed to our common stock and classified as equity; therefore, the Call Option and Warrant are not accounted for as derivative instruments.

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Interest Expense

Details of interest expense are presented below (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Interest expense	$ 4,759	$ 4,164	$ 9,446	$ 8,877
Capitalized interest(1)		(916)		(2,992)
Total interest expense	$ 4,759	$ 3,248	$ 9,446	$ 5,885

(1) Interest associated with the construction of our facilities in Maryland and North Carolina during 2009.

10. Lease Obligation

We lease our laboratory facility in Silver Spring, Maryland (Phase I Laboratory), pursuant to a synthetic lease arrangement entered into in June 2004 with Wachovia Development Corporation and its affiliates (Wachovia). Under the lease, Wachovia funded $32.0 million toward the construction of the Phase I Laboratory on land we own. Since construction was completed in May 2006, Wachovia has leased the Phase I Laboratory to us. Monthly rent is equal to the 30-day LIBOR plus 55 basis points (0.90% as of June 30, 2010) applied to the amount Wachovia funded toward construction. The initial term of the Lease ends in May 2011. Upon the expiration of the initial term, we will have the right to exercise one of the following options under the lease: (1) renew the lease for an additional five-year term (subject to the approval of both parties); (2) purchase the Phase I Laboratory from Wachovia for approximately $32.0 million; or (3) sell the Phase I Laboratory and repay Wachovia s construction costs with the proceeds from the sale. If the sale proceeds are insufficient to repay Wachovia s construction costs, we must fund the shortfall up to the maximum residual value guarantee of approximately $27.5 million. Until September 30, 2008, we accounted for the lease as an operating lease.

In December 2007, we began constructing a combination office and laboratory facility (Phase II Facility) with funds generated from our operations. Architectural plans included the structural modification of the existing Phase I Laboratory in order to connect it to the Phase II Facility. As of September 30, 2008, we received Wachovia s acknowledgement of our plan to make structural modifications to the Phase I Laboratory. As a result, we could no longer consider the Phase I Laboratory a standalone structure, which was required to maintain off-balance sheet accounting for the lease. Consequently, as of September 30, 2008, we were considered the owners of the Phase I Laboratory for accounting purposes and began accounting for the lease as a financing obligation. As such, in September 2008, we capitalized $29.0 million, the estimated fair value of the Phase I Laboratory, and are depreciating the Phase I Laboratory over the estimated useful lives of its various components. In addition, we recognized a corresponding lease obligation. We are accreting the lease obligation to $32.0 million, the purchase price of the Phase I Laboratory, through the recognition of periodic interest charges using the effective interest method. The accretion period runs through the end of the initial term of the lease. As the initial term expires May 2011, the lease obligation has been classified as a current liability on our consolidated balance sheet at June 30, 2010.

As of June 30, 2010, we pledged $35.1 million of our marketable securities as collateral for the lease. Related amounts have been included in restricted marketable investments and cash on our consolidated balance sheet.

11. Stockholders Equity

Authorized Shares of Common Stock

Effective June 28, 2010, we amended our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 100,000,000 shares to 245,000,000 shares.

Earnings per share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period, adjusted for the potential dilutive effect of other securities if such securities were converted or exercised. Basic and diluted loss per share are computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period as the impact of potentially dilutive securities would be anti-dilutive.

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The components of basic and diluted earnings (loss) per share comprise the following (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net income (loss) (numerator)	$ 37,707	$ (2,344)	$ 56,636	$ 10,855
Shares (denominator):				
Weighted average outstanding shares for basic EPS	56,047	52,982	55,411	52,932
Convertible Senior Notes(1)	2,020		2,155	
Dilutive effect of stock options(2)	2,326		1,982	1,754
Adjusted weighted average shares for diluted EPS	60,393	52,982	59,548	54,686
Earnings (loss) per share				
Basic	$ 0.67	$ (0.04)	$ 1.02	$ 0.21
Diluted	$ 0.62	$ (0.04)	$ 0.95	$ 0.20
Stock options and warrants excluded from calculation(3)	6,501	15,934	6,311	7,624

(1) We cannot consider the impact of shares that we would receive under the terms of the Call Option (see Note 9 *Debt Call Spread Option* to these consolidated financial statements) in the calculation of diluted earnings per share as their impact would be anti-dilutive. The effect of the Call Spread Option would offset the dilutive impact of the Convertible Senior Notes.

(2) Calculated using the treasury stock method.

(3) Certain stock options and warrants were excluded from the computation of diluted earnings per share because their impact would be anti-dilutive.

Stock Option Plan

Stock option awards may be granted under our equity incentive plan. We estimate the fair value of stock options using the Black-Scholes-Merton valuation model. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions that can materially impact the estimation of fair value and related compensation expense. These assumptions include the expected volatility of our common stock, risk-free interest rate, the expected term of stock option awards, expected forfeiture rate and the expected dividend yield.

Presented below are the weighted average assumptions used to estimate the grant date fair value of stock options granted during the three- and six-month periods ended June 30, 2010 and 2009:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Expected volatility	47.3%	49.1%	47.3%	49.1%
Risk-free interest rate	2.2%	2.2%	2.5%	2.2%
Expected term of options (years)	5.5	5.5	5.5	5.5
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Forfeiture rate	0.0%	0.0%	0.0%	0.0%

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A summary of the activity and status of employee stock options is presented below:

	Number of Options	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2010	8,578,788	$ 29.92		
Granted	57,500	52.19		
Exercised	(2,112,526)	24.99		
Forfeited	(28,227)	28.38		
Outstanding at June 30, 2010	6,495,535	$ 31.73	6.6	$ 110,934
Options exercisable at June 30, 2010	5,971,448	$ 31.66	6.6	$ 102,436
Expected to vest at June 30, 2010	500,944	$ 32.72	7.3	$ 8,059

Total share-based compensation related to employee stock options for the three- and six-month periods ended June 30, 2010 and 2009, is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Cost of service sales	$ 5	$ 12	$ 11	$ 25
Research and development	919	2,318	2,231	4,987
Selling, general and administrative(1)	(2,283)	15,441	7,130	22,248
Share-based compensation expense before taxes	(1,359)	17,771	9,372	27,260
Related income tax expense (benefits)	503	(5,331)	(3,468)	(8,178)
Share-based compensation expense, net of taxes	$ (856)	$ 12,440	$ 5,904	$ 19,082
Share-based compensation capitalized as part of inventory	$ 87	$ 273	$ 192	$ 499

(1) For the three-and six-month periods ended June 30, 2010, share-based compensation includes a $4.0 million benefit corresponding to the reduction in the estimated fair value of a potential year-end stock option grant to our Chief Executive Officer, which is based on a formula set forth in her employment agreement. The reduction in the estimated fair value of this potential award resulted from the decline in the price of our common stock at June 30, 2010 when compared to March 31, 2010.

Employee and non-employee stock option exercise data is summarized below (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Number of options exercised	746,627	249,546	2,172,996	298,988
Cash received	$ 18,278	$ 5,255	$ 54,600	$ 6,112

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12. Comprehensive Income

Comprehensive income consists of the following (in thousands):

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Net income (loss)	$ 37,707	$ (2,344)	$ 56,636	$ 10,855
Other comprehensive income:				
Foreign currency translation (loss) gain	(1,324)	4,015	(2,851)	3,111
Unrecognized prior period pension service cost, net of tax	23	24	46	46
Unrecognized actuarial pension (loss) gain, net of tax	17		(144)	
Unrealized (loss) gain on available-for-sale securities, net of tax	(1)	42	46	29
Comprehensive income	$ 36,422	$ 1,737	$ 53,733	$ 14,041

13. Income Taxes

Income tax expense for the three- and six-month periods ended June 30, 2010 and 2009 is based on the estimated annual effective tax rate for the entire year. The estimated annual effective tax rate can be subject to adjustment in subsequent quarterly periods if components used in its estimation are revised. The estimated annual effective tax rates as of June 30, 2010 and 2009 were 35 percent and 25 percent, respectively.

As of June 30, 2010, we had available for federal income tax purposes $81.4 million in business tax credit carryforwards that will expire at various dates through 2020. Certain business tax credit carryforwards that were generated prior to December 2008 may be subject to limitations on their use pursuant to Internal Revenue Code Section 382 as a result of ownership changes as defined therein. However, we do not expect that these business tax credits will expire unused.

We file U.S. federal income tax returns and various state and foreign income tax returns. Our tax years from 2006 through 2008 are subject to examination by federal and state tax authorities. We are unaware of any uncertain tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits would significantly increase or decrease within the next twelve months.

14. Segment Information

We have two reportable business segments: pharmaceutical and telemedicine. The pharmaceutical segment includes all activities associated with the research, development, manufacturing and commercialization of our therapeutic products. The telemedicine segment includes all activities associated with the development and manufacturing of cardiac monitoring products and the delivery of cardiac monitoring services.

The telemedicine segment is managed separately because diagnostic services require different technologies and marketing strategies than pharmaceutical products.

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Segment information as of and for the three-month periods ended June 30, 2010 and 2009, is presented below (in thousands):

	As of and for the three months ended June 30,					
	2010			2009		
	Pharmaceutical	Telemedicine	Consolidated Totals	Pharmaceutical	Telemedicine	Consolidated Totals
Revenues from external customers	$ 134,721	$ 2,770	$ 137,491	$ 81,281	$ 2,699	$ 83,980
Income (loss) before income tax	57,323	(404)	56,919	(5,625)	82	(5,543)
Total assets	1,166,922	20,753	1,187,675	932,775	18,896	951,671

	As of and for the six months ended June 30,					
	2010			2009		
	Pharmaceutical	Telemedicine	Consolidated Totals	Pharmaceutical	Telemedicine	Consolidated Totals
Revenues from external customers	$ 260,635	$ 5,736	$ 266,371	$		