

UK TAX STRATEGY

Introduction

This document has been approved by the Board of United Therapeutics Europe Limited (UTEL) and sets out the Group's (defined as UTEL and all of its affiliated entities) approach to handling its UK tax affairs and managing its UK tax risks, for the period ended 31 December 2017. For the avoidance of doubt, UTEL is the only UK entity within the Group that is subject to UK taxation. Lung RX Limited is a dormant UK entity and is therefore not subject to UK tax.

This document is intended comply with the Group's requirements under Schedule 19 of the Finance Act 2016.

Risk management and governance

United Therapeutics Corporation (UTC), as the ultimate parent of UTEL, bears responsibility for ensuring compliance with UK tax law and regulations. In addition, UTC is responsible for ensuring that UK tax risk is managed in accordance with the Group's attitude to towards acceptable levels of tax risk.

To assist with the tax risk management, the Group has in place processes to identify and manage areas where material tax risks could arise. These processes include seeking external advice to ensure compliance with the tax legislation and regulations, in order to reduce the tax risk to an acceptable level. These processes are reviewed on an annual basis to ensure that material tax areas continue to be covered.

Tax planning

The Group is committed to paying the amounts of tax legally due in the UK, whilst ensuring tax efficiency in accordance with the commercial objectives of the business.

Tax planning may therefore be undertaken to utilise tax incentives or opportunities, where these align with business operations, and meet the intended objectives of the legislation. For the avoidance of doubt, the Group does not seek to reduce UK tax by entering into artificial transactions which lack economic substance.

In the majority of instances where tax planning is undertaken, the Group seeks external advice to ensure that the planning is carried out in a tax efficient manner, but also that the planning is carried out in accordance with the spirit of the legislation which does not give a result contrary to the intentions of parliament.

Acceptable levels of risk

The Group has a conservative approach to acceptable levels of UK tax risk and typically, only a minimal (non-material) level of tax risk will be accepted. The Group's approach is that each material transaction is reviewed on a case by case basis prior to accepting any risk.

Where there is uncertainty with regards to the intention of the legislation, or how it should be applied, external advice may be sought to help assess the risk and assist in the Group's decision-making process.

The Group is committed to ensuring that decisions regarding acceptable levels of tax risk are made at the appropriate level, and that the individuals involved apply diligent professional care and judgement to arrive at well-reasoned conclusions as to whether the risk should be accepted or how it should be managed.

Approach towards dealing with HMRC

The Group seeks to ensure that all filings are submitted to HMRC, and tax payments are made on a timely basis.

The Group is committed to an open and transparent relationship with HMRC. This includes making accurate and timely disclosures in the tax computations to reflect transactions undertaken in the period.

The Group is aware that from time to time, there may be disagreements with HMRC. The Group seeks to act in a professional and collaborative manner to resolve all such disputes on a timely basis. Where such disputes arise, the Group may engage external advisors to help resolve the disputes promptly and fairly.

Note: This tax strategy is still in effect as of December 31, 2018.