

ACTELION LTD AND SUBSIDIARIES

CONSOLIDATED US GAAP FINANCIAL STATEMENTS FOR DECEMBER 31, 2009

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ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

| <i>(in CHF thousands, except per share amounts)</i> | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|----------------|-------------------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Net revenue | | | | |
| Product sales | 443,352 | 388,516 | 1,697,990 | 1,428,906 |
| Contract revenue | 26,671 | 15,372 | 74,574 | 44,602 |
| Total net revenue | 470,023 | 403,888 | 1,772,564 | 1,473,508 |
| Operating expenses⁽¹⁾ | | | | |
| Cost of sales | 48,362 | 42,841 | 194,223 | 157,668 |
| Research and development | 145,233 | 96,939 | 464,136 | 374,530 |
| Selling, general and administration | 195,969 | 162,368 | 645,472 | 549,976 |
| Amortization of acquired intangible assets | 10,584 | 5,579 | 35,614 | 19,977 |
| Litigation settlement | 93,713 | - | 93,713 | - |
| Total operating expenses | 493,861 | 307,727 | 1,433,158 | 1,102,151 |
| Operating income | (23,838) | 96,161 | 339,406 | 371,357 |
| Interest income | 791 | 5,646 | 4,423 | 21,776 |
| Interest expense | (2,659) | (1,705) | (7,450) | (6,629) |
| Amortization of debt discount and issuance costs ⁽²⁾ | (4,538) | (4,347) | (17,864) | (17,112) |
| Other financial income (expense), net | 4,732 | (6,365) | 20,007 | (31,870) |
| Income before income tax expense | (25,512) | 89,390 | 338,522 | 337,522 |
| Income tax expense | 9,880 | (10,685) | (27,252) | (31,449) |
| Net income (loss)⁽²⁾ | (15,632) | 78,705 | 311,270 | 306,073 |
| Basic net income per share⁽²⁾ | (0.13) | 0.66 | 2.62 | 2.59 |
| Weighted-average number of common shares (in thousands) | 119,206 | 118,542 | 118,702 | 118,392 |
| Diluted net income per share⁽²⁾ | (0.13) | 0.64 | 2.53 | 2.48 |
| Weighted-average number of common shares (in thousands) | 119,206 | 123,377 | 122,880 | 123,418 |
| ⁽¹⁾ Includes employee stock option costs as follows: | | | | |
| Research and development | 7,116 | 5,390 | 27,892 | 23,858 |
| Selling, general and administration | 10,289 | 7,861 | 42,929 | 38,740 |
| Total stock-based compensation | 17,405 | 13,251 | 70,821 | 62,598 |

⁽²⁾ Prior period comparatives adjusted for the adoption of new accounting pronouncements - see note 15. Borrowings

The accompanying notes form an integral part of these consolidated financial statements.

ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| <i>(in CHF thousands, except number of shares)</i> | December 31, 2009 | December 31, 2008 |
|--|------------------------------|------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 877,325 | 727,459 |
| Short-term deposits | 466,234 | 292,935 |
| Derivative instruments | 11,545 | 6,639 |
| Trade and other receivables, net | 469,557 | 365,864 |
| Inventories | 61,365 | 46,037 |
| Other current assets ⁽¹⁾ | 46,916 | 41,001 |
| Deferred tax assets, current portion | 4,868 | 3,200 |
| Total current assets | 1,937,810 | 1,483,135 |
| Long-term deposits | - | 80,882 |
| Property, plant and equipment, net | 281,152 | 177,588 |
| Other non-current assets | 19,443 | 12,513 |
| Intangible assets, net | 283,364 | 166,658 |
| Goodwill | 77,630 | 77,728 |
| Long-term financial assets | 13,149 | 30,378 |
| Deferred tax assets, less current portion | 52,369 | 19,968 |
| Total assets | 2,664,917 | 2,048,850 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Trade and other payables | 117,460 | 83,538 |
| Accrued expenses | 406,343 | 255,951 |
| Deferred revenue, current portion | 107,599 | 61,449 |
| Other current liabilities | 48,583 | 7,806 |
| Short-term financial debt ⁽¹⁾ | 426,910 | 458,201 |
| Total current liabilities | 1,106,895 | 866,945 |
| Long-term financial debt | - | 146,100 |
| Deferred revenue, less current portion | 89,065 | 178,491 |
| Other non-current liabilities | 47,794 | 6,037 |
| Pension liability | 13,100 | 8,830 |
| Deferred tax liabilities | 412 | 344 |
| Total liabilities | 1,257,266 | 1,206,747 |
| Shareholders' equity | | |
| Common shares (par value CHF 0.50 per share, authorized 248,290,335 and 212,861,205 shares; issued 128,527,224 and 125,015,607 shares in 2009 and 2008 respectively) | 64,264 | 62,508 |
| Additional paid-in capital ⁽¹⁾ | 1,098,840 | 700,296 |
| Accumulated profit ⁽¹⁾ | 882,260 | 570,990 |
| Treasury shares, at cost | (558,227) | (442,816) |
| Accumulated other comprehensive income (loss) | (79,486) | (48,875) |
| Total shareholders' equity | 1,407,651 | 842,103 |
| Total liabilities and shareholders' equity | 2,664,917 | 2,048,850 |

⁽¹⁾ Prior period comparatives adjusted for the adoption of new accounting pronouncements - see note 15. Borrowings

The accompanying notes form an integral part of these consolidated financial statements.

ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in CHF thousands) | Three months ended December 31, | | Twelve months ended December 31, | |
|---|------------------------------------|-----------------|-------------------------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Cash flow from operating activities | | | | |
| Net income (loss) | (15,632) | 78,705 | 311,270 | 306,073 |
| Adjustments to reconcile net income to net cash provided from operating activities: | | | | |
| Depreciation and amortization | 18,647 | 10,168 | 63,995 | 42,878 |
| Stock-based compensation, incl. treasury shares to members of Board of Directors | 17,404 | 20,105 | 71,392 | 63,034 |
| Excess tax benefits from share-based payment arrangements | (761) | (920) | (6,970) | (7,323) |
| (Gains) Losses on derivative instruments | 3,440 | 286 | (7,918) | 349 |
| (Gains) Losses on marketable securities | 9,272 | - | 9,272 | - |
| Amortization of debt discount and issuance costs ⁽¹⁾ | 4,538 | 4,347 | 17,864 | 17,112 |
| Trade and other receivables | (26,058) | (1,757) | (105,789) | (67,424) |
| Inventories | (5,101) | 2,217 | (10,441) | (3,660) |
| Other current assets | (15,946) | 7,793 | (14,875) | (18,705) |
| Other assets | (999) | 136 | (7,171) | (11,798) |
| Trade and other payables | 4,322 | 972 | 29,276 | (3,427) |
| Accrued expenses | 178,986 | 20,492 | 177,893 | 47,459 |
| Deferred revenue | 4,172 | (6,082) | (43,278) | 104,940 |
| Other liabilities | (53,937) | (2,682) | (52,428) | 16,174 |
| Changes in other operating cash flow items | 873 | (10,573) | (7,941) | 27,978 |
| Net cash flow provided by operating activities | 123,220 | 123,207 | 424,151 | 513,660 |
| Cash flow from investing activities | | | | |
| Purchase of short-term and long-term deposits | (146,234) | (539,336) | (898,738) | (1,207,053) |
| Proceeds from short-term and long-term deposits | 5,000 | 537,160 | 806,321 | 1,360,651 |
| Purchase of property, plant and equipment | (30,260) | (24,619) | (132,546) | (71,299) |
| Purchase of marketable securities | - | - | (50,000) | (22,421) |
| Proceeds from marketable securities | - | - | 50,000 | - |
| Settlement of derivative instruments | (338) | - | (3,795) | - |
| Purchase of intangible assets | (2,316) | (1,381) | (8,058) | (9,512) |
| Increase of investment | - | - | - | (6,497) |
| Acquisition of subsidiary | - | - | (57,785) | - |
| Net cash flow provided by (used in) investing activities | (174,148) | (28,176) | (294,601) | 43,869 |
| Cash flow from financing activities | | | | |
| Payments on capital leases | (32) | (36) | (140) | (187) |
| Repayment of financial debts | - | - | (193,800) | (21,200) |
| Proceeds from bank loans | - | - | - | 97,900 |
| Proceeds from exercise of stock options, net of expense | 19,297 | 11,341 | 108,042 | 69,473 |
| Purchase of treasury shares | (66,197) | (99,964) | (115,947) | (212,566) |
| Purchase of call option | - | - | - | (106,031) |
| Proceeds from exercise of options related to own shares | 27,288 | - | 215,925 | 18,677 |
| Excess tax benefits from share-based payment arrangements | 761 | 920 | 6,970 | 7,323 |
| Net cash flow provided by (used in) financing activities | (18,883) | (87,739) | 21,050 | (146,611) |
| Net effect of exchange rates on cash and cash equivalents | (513) | 4,903 | (734) | (15,045) |
| Net change in cash and cash equivalents | (70,324) | 12,195 | 149,866 | 395,873 |
| Cash and cash equivalents at beginning of period | 947,649 | 419,195 | 727,459 | 331,586 |
| Cash and cash equivalents at end of period | 877,325 | 431,390 | 877,325 | 727,459 |

⁽¹⁾ Prior period comparatives adjusted for the adoption of new accounting pronouncements - see note 15. Borrowings

The accompanying notes form an integral part of these consolidated financial statements.

ACTELION LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in CHF thousands, except number of shares)

| | Common shares | | Additional | Accumulated | Treasury | Accum. other | Shareholders' |
|--|--------------------|---------------|---------------------|----------------|------------------|--------------------------------|------------------|
| | Shares | Amount | paid-in- capital | profit | shares | comprehensive income (loss) | equity |
| At January 1, 2008⁽¹⁾ | 118,087,219 | 61,014 | 650,172 | 264,917 | (230,627) | (29,133) | 716,343 |
| Comprehensive income (loss) net of tax: | | | | | | | |
| Net income | | | | 306,073 | | | 306,073 |
| Other comprehensive income (loss): | | | | | | | |
| Currency translation adjustment | | | | | | (24,337) | (24,337) |
| Not recognized components of net periodic benefit costs | | | | | | (3,362) | (3,362) |
| Unrealized gain (loss) on marketable securities | | | | | | 7,957 | 7,957 |
| Comprehensive income (loss) | | | | | | | 286,331 |
| Excess tax benefit and underrealization from share-based payment arrangement | | | 6,842 | | | | 6,842 |
| Exercise of stock options | 2,987,878 | 1,494 | 67,979 | | | | 69,473 |
| Transactions in treasury shares | (3,867,730) | | 59 | | (212,189) | | (212,130) |
| Options related to own shares | | | (106,031) | | | | (106,031) |
| Exercise of options related to own shares, net | | | 18,677 | | | | 18,677 |
| Stock-based compensation expense | | | 62,598 | | | | 62,598 |
| At December 31, 2008⁽¹⁾ | 117,207,367 | 62,508 | 700,296 | 570,990 | (442,816) | (48,875) | 842,103 |
| Comprehensive income (loss) net of tax: | | | | | | | |
| Net income | | | | 311,270 | | | 311,270 |
| Other comprehensive income (loss): | | | | | | | |
| Currency translation adjustment | | | | | | (12,525) | (12,525) |
| Not recognized components of net periodic benefit costs | | | | | | (10,129) | (10,129) |
| Unrealized gain (loss) on marketable securities | | | | | | (17,229) | (17,229) |
| Reclassification into earnings | | | | | | 9,272 | 9,272 |
| Comprehensive income (loss) | | | | | | | 280,659 |
| Excess tax benefit and underrealization from share-based payment arrangement | | | 5,476 | | | | 5,476 |
| Exercise of stock options | 3,511,617 | 1,756 | 106,286 | | | | 108,042 |
| Transactions in treasury shares | (1,948,374) | | 36 | | (115,411) | | (115,375) |
| Options related to own shares | | | 215,925 | | | | 215,925 |
| Stock-based compensation expense | | | 70,821 | | | | 70,821 |
| At December 31, 2009 | 118,770,610 | 64,264 | 1,098,840 | 882,260 | (558,227) | (79,486) | 1,407,651 |

⁽¹⁾ Prior period comparatives adjusted for the adoption of new accounting pronouncements - see note 15. Borrowings

The accompanying notes form an integral part of these consolidated financial statements.