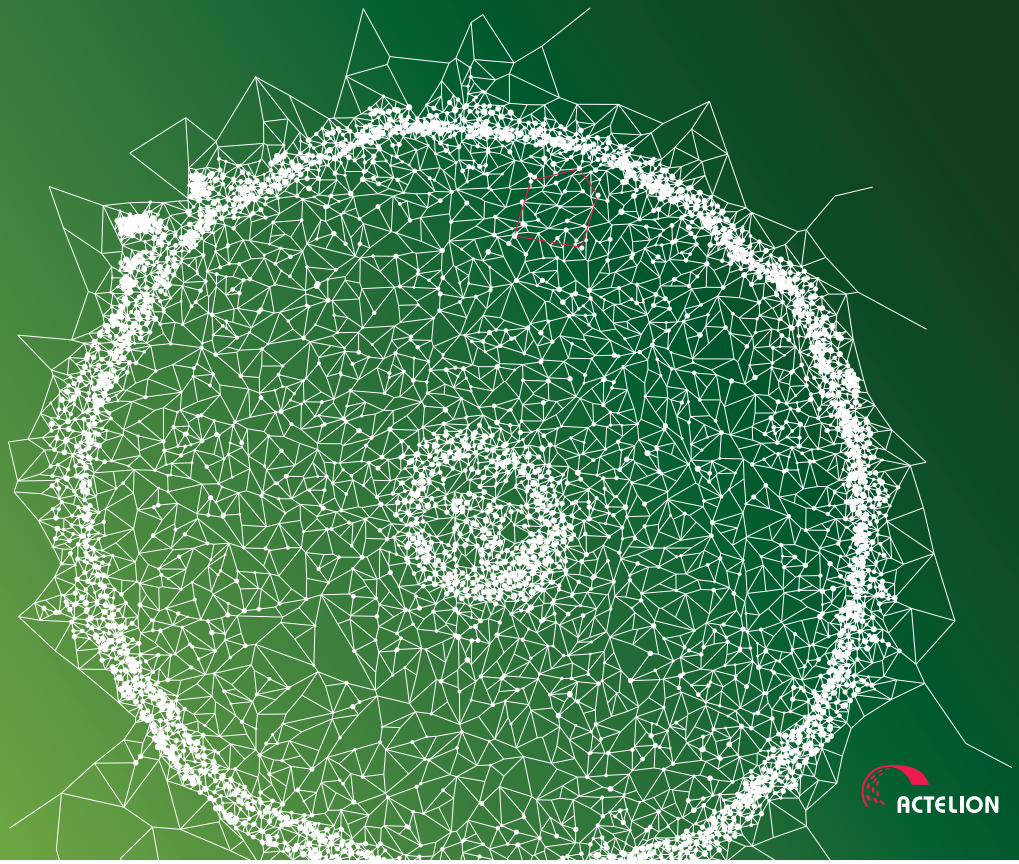
Annual Report 2013

SHAPING OUR FUTURE.



ACTELION

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Actelion Ltd. is a leading biopharmaceutical company focused on the discovery, development and commercialization of innovative drugs for diseases with significant unmet medical needs.

Actelion is a leader in the field of pulmonary arterial hypertension (PAH). Our portfolio of PAH treatments covers the spectrum of disease, from WHO Functional Class (FC) II through to FC IV, with oral, inhaled and intravenous medications. Although not available in all countries, Actelion has treatments approved by health authorities for a number of specialist diseases, including Type 1 Gaucher disease, Niemann-Pick type C disease, digital ulcers in patients suffering from systemic sclerosis and mycosis fungoides in patients with cutaneous T-cell lymphoma.

Founded in late 1997, with close to 2,400 dedicated professionals covering all key markets around the world – including the US, Japan, China, Russia and Mexico – Actelion has its corporate headquarters in Allschwil/Basel, Switzerland.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

I am delighted to present our Annual Report for 2013. This was another landmark year for Actelion, with the granting of both US and European approval for our latest pulmonary arterial hypertension (PAH) product, Opsumit® (macitentan). I am also pleased to report a very strong operational performance over the past year – revenues, core earnings and cash generation have all increased significantly, and we have made excellent progress with the implementation of the three key strategic initiatives announced in mid-2012. These, you may recall, involved sustaining and growing our PAH franchise, building additional specialty franchises over the medium term, and optimizing the company's profitability. We have made significant advances in all these areas.

BUSINESS PERFORMANCE

The past year has been highly successful for Actelion despite various headwinds, including challenging market conditions (particularly in the US), the strong Swiss franc and increasing price competition in many markets. Indeed, the strength of our performance allowed us to amend our three-year guidance when we published our interim results in July, bringing forward the growth previously foreseen for 2014 into 2013. As a result, as the year ended, we met our objective of achieving double-digit core earnings growth at constant exchange rates.

Sales for the year amounted to CHF 1,784 million, an increase of 6% at constant exchange rates, and core earnings per share were up 20% at constant exchange rates to CHF 4.41. This excellent operational performance was rewarded with strong returns for shareholders. Our shares, which stood at CHF 43.53 at the beginning of the year, rose to CHF 75.35 by the end of December, a jump of 73%. This was substantially ahead of both the Swiss Market Index and the NASDAQ Biotechnology Index, up 20% and 65% respectively. As well as the strong share price performance during the year, we delivered a dividend of CHF 1.00 per share resulting in a total shareholder return (TSR) in 2013 of 76%. Looking ahead to 2014, we will recommend that shareholders approve an increase in the dividend at the upcoming Annual General Meeting (AGM), proposing a rise of 20% to CHF 1.20 per share.

Finally, we completed the CHF 800 million share buyback launched in 2010. At the end of 2013, with this repurchase program complete, the Board announced a new program to buy back up to 8.31% of the outstanding share capital (up to 10 million shares) over the next three years. The repurchased registered shares will be used for reactive servicing of existing employee option and share ownership programs, compensating for a possible dilution of earnings per share resulting from these schemes.

Disappointingly, with regard to the Asahi litigation, the California Court of Appeal affirmed the amended final judgment. Together with our external advisors, we continue to believe that the decision of the Court of Appeal is not supported by the facts and is incorrect as a matter of law; we have therefore filed a petition in the Supreme Court of California, requesting that the Court review the Court of Appeal's decision.

However, in early January 2014, we were very pleased to hear that, after more than 3 years investigating our marketing practices for Tracleer in the US since launch in 2001, the US Attorney's Office found no grounds to intervene. This dismissal is an excellent result for Actelion and is virtually unheard of in today's regulatory environment. All our stakeholders can take confidence from the fact that our employees strive to work professionally and ethically at all times.

STRATEGY

Strategically, Actelion has made strong progress, with two major pieces of news dominating 2013. First, at the end of July, we announced the acquisition of the privately held US specialty pharmaceutical company, Ceptaris Therapeutics, Inc., including its lead drug, Valchlor™. Valchlor is a topical formulation of mechlorethamine for the treatment of IA and IB mycosis fungoides-type cutaneous T-cell lymphoma, (MF-CTCL) in patients who have received prior skin-directed therapy, and FDA approval of this product was a precondition for the acquisition proceeding. This was duly received in August, and the acquisition was completed at the end of the summer. Valchlor is now being marketed by our specialist sales force which also markets Zavesca® in the US; it thus represents an excellent strategic fit with our existing capabilities. It is also a significant step forward on our broader strategic path of building additional specialty franchises beyond our core PAH portfolio. We remain on the lookout for further opportunities of this kind.

The other major event was, of course, the first launch of Opsumit. Enormous efforts have been put into the development of Opsumit over the past decade, and we have every reason to believe that it can change the treatment paradigm in this therapeutic area. The early feedback from the marketplace since the launch at the end of 2013 has been highly favorable.

Our strategy for long-term value creation is thus progressing well, and there is much to be proud of as we look back over the past year.

In addition to strategy and the monitoring of business performance, the Board has focused much of its attention during the year on people and governance, so let me share with you some of the Board's thinking on these key topics.

PEOPLE

Investing in our people is, without doubt, the most important investment we make in the future of our business. The development, motivation and well-being of staff are vital to the success of Actelion, and their dedication, professionalism, knowledge and enthusiasm is always of the highest standard. On behalf of all our stakeholders, I would like to thank all our employees for their hard work and their contribution to the company's success.

From the Board's perspective, it is important to find the correct compensation policies that balance the expectations of shareholders with our ability to attract and retain the best in the business – which is essential, if we are to execute our ambitious strategy and maximize returns for all stakeholders. While our compensation policies were regrettably not approved as part of the Compensation Report at last year's AGM, significant modifications were implemented in 2013, which shift the emphasis towards long-term, performance-driven equity plans, strengthening the alignment between the interests of management and those of shareholders, as well as ruling out the possibility of pay for failure through caps and thresholds.

In 2013, we created a special Task Force within the company to consider the implications of the "Minder Initiative" insofar as it affects the Company's compensation system and philosophy. As a first, important step in complying with the provisions of the law, the company will seek shareholder approval of amendments to its Articles of Association. This will enable the company – with the support of its external legal advisors – to complete a review of all compensation practices so as to ensure that they are fully compliant with the new regulatory landscape.

GOVERNANCE

Good governance plays a critical role in maintaining Actelion's position as a successful and sustainable company. A key element of this is ensuring that the Board has a diverse group of non-executive directors who have the necessary experience and expertise – and are provided with the right information and support – to constructively challenge and assist the executive team. I believe these criteria are well and truly met within Actelion's Board, which was further enhanced by the appointment of John Greisch at last year's AGM. John, who is President and CEO of Hill-Rom Holdings, Inc., a US healthcare products company, has brought a strong international business perspective to the Board.

We also announced the appointment of André C. Muller as the company's new Chief Financial Officer and member of the Actelion Executive Committee, succeeding Andrew J. Oakley. André joins us from Pierre Fabre SA, the Paris-based pharmaceutical and cosmetic company where he was the Chief Financial Officer, and we warmly welcome him to his new role. We also thank Andrew Oakley for his contribution and commitment to Actelion. He led the finance department at Actelion over the past decade, strongly supporting the company's expansion. We wish him every success for the future.

Another aspect of good governance is the maintenance of a good dialogue with shareholders, and we consider effective engagement with shareholders to be an important part of our role as members of the Board. During the year, we have met with many of our largest shareholders on an individual basis, and their opinions and comments have helped to shape our thinking, particularly with regard to executive remuneration. Their feedback and support are much appreciated.

SUMMARY AND OUTLOOK

Actelion has made great strides in 2013, both financially and strategically. We have a strong leadership team, which has put a clear strategy in place and is delivering on its commitments. As CEO Jean-Paul Clozel explains in his letter to shareholders, the foundations are in place for sustainable future growth. Enormous opportunities lie ahead of us, and I am confident that Actelion will go from strength to strength, for the benefit of all its stakeholders.

Yours sincerely,

JEAN-PIERRE GARNIER
Chairman of the Board of Directors

CEO'S LETTER TO SHAREHOLDERS

Dear Shareholders,

The end of 2013 marked the completion of the first sixteen years since the founding of Actelion and, as we look back over that period, it is clear that the efforts made in the first chapter of our history are coming to fruition. This first chapter has, of course, been dominated by the success of Tracleer® and the IPO on the Swiss Stock Exchange, together with many other interesting (and sometimes challenging) twists and turns along the way. During this period, we have also put in place the building blocks for success that allow us to enter the next phase with real and growing confidence.

THE BUILDING BLOCKS

The foundation of Actelion's story throughout that first chapter – and the basis of its strength today – consists of a small number of core building blocks. First, we knew from the outset that the success of any biopharmaceutical company is predicated on the quality of its science and its ability to innovate.

Back in the mid-1990s, a small group of researchers had accumulated substantial knowledge about specific families of molecular targets, such as G-protein coupled receptors, and particularly those associated with the powerful vasoconstrictor endothelin. This pioneering research gave rise to endothelin receptor antagonists (ERAs), which were largely unexplored at the time, but which we believed had very significant potential as a new class of cardiopulmonary drugs. When the opportunity arose to acquire the intellectual property relating to the ERAs which we had discovered, we did so. This in turn led to the registration and approval of bosentan (Tracleer), the first and most important ERA on the market for the treatment of PAH, which – despite intense competition – still has a global PAH market share of almost 40% and a global ERA market share of over 60%.

The success of Tracleer gave us the second core building block required by any fast-growing and ambitious biopharmaceutical company – cash generation. Cash flows allow an enterprise to invest for future growth, to deepen expertise, to broaden the pipeline, and to find better therapies for patients. And such has been the strength of cash generation from Tracleer that we have been able not only to return significant amounts to our shareholders through dividends and share buy-backs, but also to reinvest very substantially in our business, in drug discovery and development, and in building our own marketing and corporate infrastructure.

What at the turn of the century was a young biotechnology company has been transformed over a period of just sixteen years into a fully fledged, sustainably profitable global biopharmaceutical company, with a market value of around CHF 9 billion. That is no small feat, but we now feel ready to take the company to the next stage. The strategy for long-term shareholder value creation through this stage was set out in 2012 and is being delivered around three key objectives: to sustain and grow our pulmonary arterial hypertension (PAH) franchise, to build additional specialty franchises over the medium term, and to optimize our profitability. We are making excellent progress on all these fronts.

GLOBAL LEADERSHIP IN PAH

Today, we have unquestioned global leadership in PAH, and our position in this therapeutic area has been further strengthened by the recent launch of Opsumit® (macitentan), which builds on everything we have learned about the fundamental mechanisms of PAH and ERAs.

Opsumit has the potential, once again, to revolutionize the treatment of PAH, as it was designed using our deep knowledge of the endothelium to meet a number of key requirements. We sought to create an optimized ERA for PAH patients – specifically, one that can bind to and block both endothelin receptors, has greater activity in the tissue where endothelin is produced, and therefore offers improved efficacy, as well as once-daily dosing and a more favorable side effect profile for patients.

The success of our research efforts was demonstrated in the landmark SERAPHIN study, which set a new standard for clinical trials in PAH. SERAPHIN – the largest and longest trial ever conducted in this indication – showed that Opsumit significantly reduces the risk of a morbidity or mortality event, both in treatment-naive patients and in those on background therapy for PAH. Compared to placebo, the risk of morbidity and mortality events over the treatment period was reduced by 45% in the group receiving 10 mg Opsumit. This dose also reduced the risk of hospitalization or death due to PAH by 50%. These remarkable data were published in the New England Journal of Medicine in August last year (Pulido T et al., Macitentan and Morbidity and Mortality in Pulmonary Arterial Hypertension. N Engl J Med 2013;369:809–818).

Following approval by the US FDA in October and by the EMA in Europe in December, we are pleased to report that the market's response to the launch of Opsumit has been highly favorable, with strong support from key PAH opinion leaders throughout the world. We have every expectation that it will become the market-leading ERA in PAH over the coming years.

Aside from Opsumit, our efforts to deepen and strengthen Actelion's PAH franchise continue to make excellent progress. Not far behind Opsumit is selexipag, an investigational selective IP receptor agonist in late-stage trials, which is being developed in partnership with Nippon Shinyaku. Selexipag has the potential to provide the benefits of another class of drugs – prostacyclin receptor agonists – for the treatment of PAH, but in an oral form. Today, a relatively small percentage of PAH patients receive prostacyclin therapy, which is available in various dosage forms. Selexipag could therefore offer patients a new alternative, with the power of prostacyclin in a pill. Selexipag is currently in a Phase III trial, GRIPHON, which has been designed to evaluate its long-term efficacy and safety in an event-driven morbidity/mortality study. GRIPHON, which has now become the largest PAH study ever conducted (with 1,156 patients enrolled), is expected to report its results in mid-2014.

Today, including our other PAH products – Ventavis® and Veletri® – our PAH franchise encompasses oral, inhaled and intravenous formulations, for patients at various stages in the course of this disease (PAH Functional Classes II–IV), enabling us to deliver treatments across the entire continuum of care. Our PAH products are currently taken by more than 50,000 patients around the world and have revolutionized the treatment of PAH. We are now ready to change the treatment paradigm once again with Opsumit and also, potentially, with selexipag.

BUILDING ADDITIONAL SPECIALTY FRANCHISES

We have also made considerable advances in the second element of our strategy, building additional specialty franchises beyond PAH. We are doing this both internally, through investment in our own R&D, and externally, where we are looking to acquire assets which either fit strategically with our existing operations, enabling us to leverage our infrastructure, or could establish or serve as a stepping stone to a new franchise.

In our own R&D, multiple opportunities arise from our expertise and experience with specific families of molecular targets and disease mechanisms. We have gained knowledge of different classes of compounds and, as this knowledge grows, we see how to differentiate our assets from those of our competitors. With Opsumit, for instance, we are investigating potential indications where our innovation could offer benefits for additional groups of patients. In one particularly interesting early-stage program, we are testing whether high doses – up to fifteen times the regular dose – are well tolerated and might show potential as a therapy for patients with glioblastoma (a form of brain cancer).

In other areas of development, we are well advanced in our search for new classes of antibiotics with a reduced risk of resistance. The first of our antibiotics to reach clinical development is cadazolid, which is now being studied in a large Phase III program in *Clostridium difficile*-associated diarrhea (CDAD). In an exploratory Phase II study, cadazolid was numerically similar to or better than vancomycin on key endpoints, including CDAD cure rates, as well as sustained cure rates. These results supported the initiation of the Phase III program with a larger population, which could report out by 2016.

We have also made good progress with our search for growth opportunities from external sources. In September, we closed the acquisition of the privately owned US specialty pharmaceutical company, Ceptaris – adding Valchlor™ to our product portfolio – for an initial USD 250 million plus other potential milestone and additional payments. This is an example of an acquisition that will enable us to leverage our existing know-how and infrastructure in orphan and ultra-orphan indications as we market Valchlor to specialists in the fields of dermatology and oncology. Valchlor, the first and only FDA-approved topical formulation of mechlorethamine for the treatment of stage IA and IB mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL) in patients who have received prior skin-directed therapy, is now being marketed by our upsized Zavesca® sales force in the US. We remain on the lookout for other acquisitions allowing us to leverage our expertise and build additional specialty franchises.

OPTIMIZING PROFITABILITY

Like the second element of our strategy, the third – optimizing profitability – is well on track. In 2013, we took a number of steps to improve our operational efficiency, including completion of the cost-saving initiative originally commenced in 2012. Our commitment to optimizing Actelion's profitability was again evident in 2013, as we met our raised target of crossing over into double-digit local-currency earnings growth, with core earnings rising to CHF 619 million, up 20% at constant exchange rates. This was achieved despite strong competition in the US and a pricing environment which remained difficult in Europe.

We also used our strong cash flow to deliver substantial cash returns to shareholders during 2013. We completed our CHF 800 million share repurchase program, commenced a new first-line program and, together with the dividend of CHF 1.00 per share, returned a total of CHF 588 million to shareholders in 2013.

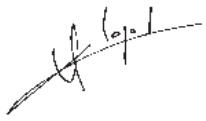
Looking forward, despite the much higher profitability delivered in 2013, we are able to upgrade guidance for 2014 to low single-digit percentage core earnings growth, and maintain the single-digit percentage range growth foreseen for 2015, once again from a higher base - all at constant exchange rates and unforeseen events excluded.

IN SHAPE FOR THE FUTURE

The building blocks for sustainable future growth are therefore in place. They are very much the same as those that served us so well during the first part of our journey – a commitment to pharmaceutical innovation that can deliver real benefits for patients, to quality in everything we do and, of course, a focus on profitability and cash generation which allows us to invest for future growth. These are the key components of the culture we have created at Actelion, around which all our people are aligned. They have enabled us to deliver life-changing medicines for patients and to create substantial value for shareholders, and we believe they will allow us to write new chapters in our success story in the coming years.

We are very proud of what we have achieved at Actelion. As the next phase in our corporate life begins with the launch of Opsumit and the broadening of our product portfolio, we are as confident as we have ever been about the future of the company. We thank you for your continuing support and look forward to reporting regularly on our progress.

Yours sincerely,



JEAN-PAUL CLOZEL
Chief Executive Officer

KEY PERFORMANCE INDICATORS

PRODUCT SALES
Our outstanding PAH product portfolio and specialty products have all grown at constant exchange rates (CER), with total product sales increasing by 6%. This performance allowed growth previously forecast for 2014 to be delivered in 2013.

2011
CHF 1,713 million
2012
CHF 1,722 million
2013
CHF 1,784 million

CORE EARNINGS PER SHARE
Core EPS increased by 20% at CER, enhanced by the company's commitment to manage dilution through share buybacks.

2011
CHF 3.04
2012
CHF 3.81
2013
CHF 4.41

CORE R&D EXPENDITURE
Through careful investment in the right programs, Actelion aims to ensure future profitable growth.

2011
CHF 400 million
2012
CHF 398 million
2013
CHF 356 million

TOTAL SHAREHOLDER RETURN
Delivering on our strategy for value creation, first announced in May 2012, our commitment to creating shareholder value is demonstrated through Total Shareholder Return.

3-year TSR
TSR: 56%
2-year TSR
TSR: 143%
1-year TSR
TSR: 76%

CORE EARNINGS
We are delighted to have delivered double-digit core earnings growth earlier than originally anticipated, demonstrating the strength of the company's underlying performance of the company.

2011
CHF 481 million
2012
CHF 537 million
2013
CHF 619 million

CASH RETURNED TO SHAREHOLDERS
In 2013, Actelion significantly increased the return of cash to shareholders through dividend payments and share buy-backs, while maintaining a strong cash position despite the acquisition of Ceptaris.

2011
CHF 205 million
2012
CHF 358 million
2013
CHF 588 million

ACTELION'S PRODUCT PORTFOLIO

OUR PAH FRANCHISE

Pulmonary arterial hypertension (PAH) is a chronic, life-threatening disorder characterized by abnormally high blood pressure in the arteries between the heart and lungs of an affected individual.

Actelion's PAH franchise encompasses oral, inhaled and intravenous formulations of compounds, for patients at various stages in the course of this disease (PAH Functional Classes II–IV), enabling us to deliver treatments across the entire continuum of care.

OUR SPECIALTY PRODUCTS

Actelion is creating specialty franchises alongside PAH – discovering, developing and/or in-licensing/acquiring products in new therapeutic areas.

OPSUMIT® (MACITENTAN)

Sales in 2013: CHF 5 million

Launched in the US in November 2013, together with an early access program. Launched in Canada and first European launch in Germany in January 2014.

Opsumit is an orally available endothelin receptor antagonist (ERA) that resulted from a tailored drug discovery process in Actelion's laboratories.

TRACLEER® (BOSENTAN)

Sales in 2013: CHF 1,532 million
Sales in 2012: CHF 1,500 million

2% increase in Swiss francs
5% increase at CER

Tracleer is an orally available endothelin receptor antagonist (ERA).

VELETRI® (EPOPROSTENOL FOR INJECTION)

Sales in 2013: CHF 37 million
Sales in 2012: CHF 24 million

52% increase in Swiss francs
60% increase at CER

Veletri is an intravenous prostacyclin. Unlike other epoprostenol formulations approved for PAH, this formulation is stable at room temperature (77°F/25°C).

VENTAVIS® (ILOPROST)

Sales in 2013: CHF 110 million
Sales in 2012: CHF 110 million

Unchanged in Swiss francs
1% increase at CER

Ventavis is an inhaled formulation of iloprost, a synthetic compound that is structurally similar to prostacyclin (PGI2). It is marketed by Actelion in the US and by Bayer Healthcare elsewhere.

VALCHLOR™ (MECHLORETHAMINE)

Launched in November 2013

Valchlor gel 0.016% is applied topically once a day and dries on the skin. The active substance mechlorethamine is a chemotherapeutic agent previously approved for intravenous treatment of mycosis fungoides, the most common type of cutaneous T-cell lymphoma.

In the US, Valchlor gel 0.016% is indicated for the topical treatment of stage IA and IB mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL) in patients who have received prior skin-directed therapy.

ZAVESCA® (MIGLUSTAT)

Sales in 2013: CHF 96 million
Sales in 2012: CHF 85 million

13% increase in Swiss francs
14% increase at CER

Zavesca is a low-molecular-weight competitive, reversible inhibitor of glucosylceramide synthase.

Zavesca is approved for the treatment of Niemann-Pick type C disease in 43 countries, including the European Union since 2009 and Japan since 2012.

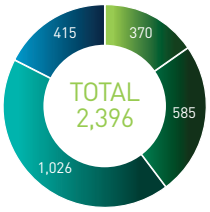
Zavesca is approved for the treatment of mild to moderate type 1 Gaucher disease in 43 countries, including the US and the European Union since 2003.

ACTELION'S DEVELOPMENT PIPELINE

Phase	Compound	Indication	Results expected
IV	Bosentan	Combination bosentan & sildenafil in PAH	H1 2014
IV	Bosentan	Pediatric PAH	2014
III	Cadazolid	*Clostridium difficile*-associated diarrhea	2016
III	Macitentan	Eisenmenger syndrome	-
III	Selexipag	PAH	2014
II (extension)	Ponesimod	Multiple sclerosis	Phase II complete in Aug 2011
I	Lucerastat	Lipid storage disorders	-
I	NCE	Immunological disorders	-
I	Macitentan	Glioblastoma	-
I	$S1P_1$ modulator	Immunological disorders	-

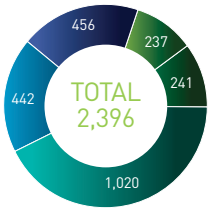
EMPLOYEES

EMPLOYEES BY FUNCTION



Marketing & Sales	1,026
Clinical Development	585
Support functions	415
Drug Discovery	370

EMPLOYEES BY REGION



Switzerland	1,020
EU	456
US	442
RoW	241
Japan	237

FINANCE IN BRIEF

HIGHLIGHTS 2013

1,784 CHF MILLION

Product sales increased by 6% at constant exchange rates (CER)[1] to CHF 1,784 million

20% EPS INCREASE

Core earnings per share (EPS, fully diluted) increased by 20% (CER)

20% CORE EARNINGS GROWTH

Solid top-line performance, spending discipline and restructuring benefits resulted in core earnings growth of 20% (CER)

20% INCREASED DIVIDEND

Board's proposal to increase the dividend by 20% to CHF 1.20 demonstrates its confidence in the current and future strength of the underlying business

CORE PERFORMANCE[2]

In CHF million	2013	2012	Variance CHF %	Variance CER %
Total Product sales	**1,784**	1,722	4	6
Tracleer	**1,532**	1,500	2	5
Opsumit	**5**	-	-	-
Veletri	**37**	24	52	60
Ventavis	**110**	110	0	1
Zavesca	**96**	85	13	14
Other products	**4**	3	-	-
Core R&D expenditure	**356**	398	(11)	(9)
Core earnings (core operating income)	**619**	537	15	20
Core net income	**509**	450	13	17
Core EPS fully diluted (in CHF)	**4.41**	3.81*	16	20

* 2012 Core EPS was recalculated to apply the prevailing tax rate for each adjustment (formerly CHF 3.69 using an average blended rate)

[1] Unless otherwise stated all growth rates are calculated using constant exchange rates (CER). CER percentage changes are calculated by reconsolidating both the 2013 and 2012 results at constant currencies (the average exchange rates for the year ended 31 December 2012).

[2] Actelion continues to measure, report and issue guidance on its core operating performance, which more accurately reflects the underlying business performance. The company believes that these non-GAAP financial measurements provide useful supplementary information to investors. These non-GAAP measures are reported in addition to, not as a substitute for US-GAAP financial performance.

PRODUCT SALES
Product sales increased by 6% (+4% in Swiss francs) to CHF 1,784 million despite challenging market conditions, pricing pressures in Europe and unmitigated competition in the US, as well as the entry of generic versions of bosentan in certain markets and the continued strength of the Swiss franc. Sales were positively impacted by the net reversal of CHF 24 million of US managed care rebate accruals (CHF 35 million in 2013 versus CHF 11 million in 2012).

The performance of our PAH portfolio was solid, with overall sales of CHF 1,684 million (+5%).

Opsumit®, launched in the US in November 2013, has been very well received by the PAH medical community, as evidenced by the strong demand since market introduction. As part of its commitment to patients, Actelion has established a patient assistance program for Opsumit. Approval was also granted in both Canada and European Union countries in November and December respectively, with Canadian and the first European launch in Germany occurring in January 2014.

Tracleer® sales increased by 5% to CHF 1,532 million. Unit volume growth of 4% was driven by Japan, Germany, emerging markets and a further extension of the digital ulcer indication. In markets where generic versions of bosentan are available, we are successfully defending Tracleer, albeit at a lower unit price (Canada, Turkey). Our own generic version of bosentan has been launched in other markets (e.g. Brazil), and our branded generic Stayveer® is set to launch in other selected markets. The volume growth was supported by a positive pricing impact of 1% and additional 1% due to reversals of US Medicaid and Managed Medicaid rebate accruals.

Veletri® sales increased by 60% to CHF 37 million, with the major growth driver being the successful launch in Japan (marketed as "Epoprostenol ACT") – the second largest i.v. epoprostenol market in the world. Veletri was also successfully launched during 2013 in Canada (marketed as Caripul®), the UK and the Netherlands; other launches are expected in Europe in 2014.

Ventavis® – marketed by Actelion in the US only – sales reached CHF 110 million, a 1% increase. The decline in units due to competition was mitigated by price increase.

Our specialty franchise (Zavesca®, Toctino® and Xiaflex®) was strengthened by the addition of Valchlor™, which was launched in the US in November 2013. Valchlor is an FDA-approved mechlorethamine gel applied topically once a day and indicated for patients with stage IA or IB mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL) who have received prior skin-directed therapy.

Valchlor will be more widely available to US prescribers by spring 2014, after completion of the build-up off a dedicated commercial unit.

Zavesca continues to perform very well – driven by the Niemann-Pick type C indication outside the US – with sales increasing by 14% to CHF 96 million.

R&D EFFORT
In 2012, Actelion streamlined its R&D organization and refocused its product portfolio.

Core R&D expenditure for 2013 decreased owing to lower fixed costs in line with the 2012 cost-savings initiative and the completion of several larger studies. The level of R&D expenditure may increase as earlier stage compounds advance through our pipeline. Actelion strives to balance the level of investment by selecting the right programs to ensure mid/long-term growth in revenues and profits while delivering its short/mid-term guidance in core earnings.

CORE EARNINGS
Actelion has once again increased its earning power, with core earnings growing faster than sales.

Core earnings rose 20% to CHF 619 million, owing to the solid sales performance combined with the full effect of the cost-savings initiative undertaken mid-2012, as well as continued strong financial discipline.

Taking into account the above-mentioned rebate accrual reversals, and the impact of the Ceptaris acquisition, core earnings increased by 17%, exceeding the raised guidance – provided in mid-2013 – of core earnings growth crossing into double-digit territory.

CORE NET INCOME
Core net income increased by 17% to reach CHF 509 million. This was due to core financial expenses of CHF 13 million (mainly driven by the straight bond interest expenses and efficient currency hedging) and core tax expenses of CHF 97 million.

CORE EPS FULLY DILUTED
Core earnings per share increased by 20% to CHF 4.41, highlighting Actelion's commitment to manage dilution through share buyback programs.

US-GAAP PERFORMANCE
Actelion provides a full reconciliation between US-GAAP performance and core results in its Financial Report (see Supplementary Information/Financial Review).

	2013	2012	Variance CER %
Revenues	**1,786**	1,728	6
Operating income	**482**	421	20
Net income	**453**	303	57
Fully diluted EPS	**3.92**	2.57	60

Operating income rose by 20% to CHF 482 million. This increase was mainly driven by core operating income performance.

Net income is positively impacted by a one-time item: the net deferred tax liability from the acquisition of Ceptaris provided an additional source of income to support the realizability of the Company's preexisting US deferred tax assets (principally resulting from the litigation with Asahi) and as a result, the Company released a portion of its valuation allowance and recorded a tax benefit of CHF 86 million (USD 96 million). The unaffected tax rate is 14.7%.

EPS was mainly driven by the deferred tax income recorded in 2013, as explained above. Fully diluted earnings per share increased by 60% to CHF 3.92.

CASH POSITION AND CASH FLOW

In CHF million	**2013**	2012
Operating cash flow	**592**	572
Acquisition of assets and businesses	**(258)**	(71)
Cash returned to shareholders	**(588)**	(358)
Free cash flow	**(244)**	(213)
Unrestricted net cash position*	**643**	888

* The restricted cash position of CHF 613 million relates to the litigation with Asahi. Unrestricted net cash includes: Cash and cash equivalents plus short-term deposits minus long-term financial debt.

Operating cash flow for 2013 amounted to CHF 592 million, compared to CHF 572 million in 2012 (which had high cash collections in Southern European countries).

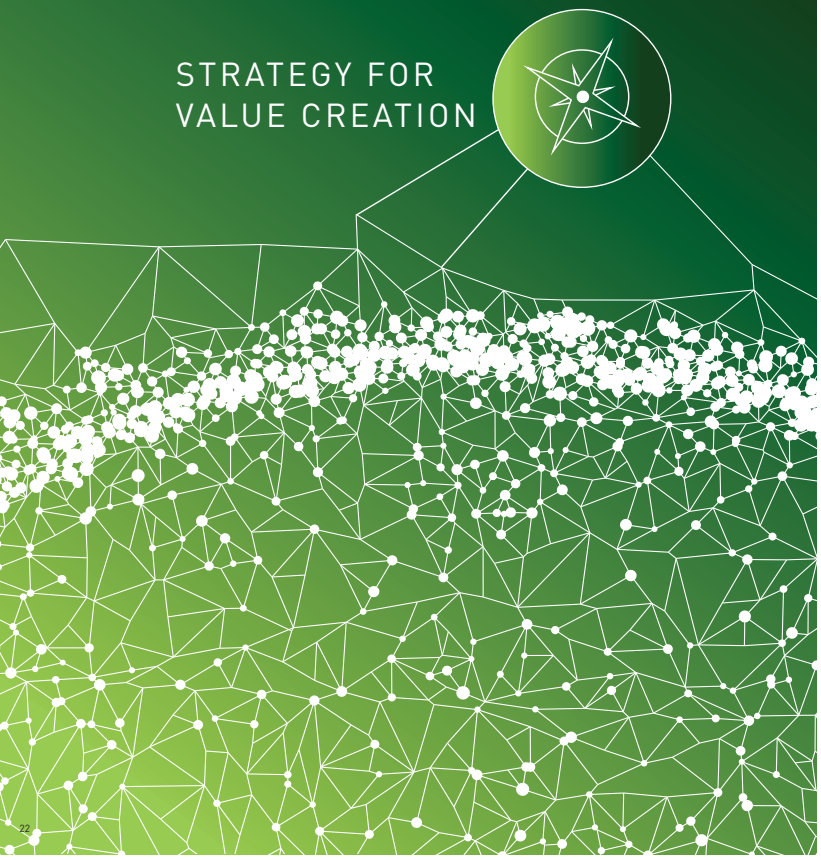
This strong cash generation and our strong balance sheet enabled us to acquire Ceptaris for CHF 226 million (USD 250 million) as well as return CHF 588 million to shareholders in 2013 through share buybacks and dividend payments.

The unrestricted net cash position remained strong at CHF 643 million. This financial flexibility allows us to take advantage of significant licensing or M&A opportunities that may arise in the future.

OUTLOOK
For 2014, barring unforeseen events, Actelion has upgraded its guidance to low single-digit percentage core earnings growth at constant exchange rates. This upgrade comes despite the much higher profitability delivered in 2013.

For 2015, the company still expects core earnings to grow in the single-digit percentage range, once again from a higher base.

STRATEGY FOR VALUE CREATION



Prior to the completion of the SERAPHIN Phase III trial of macitentan (Opsumit®), our efforts and resources were largely focused on achieving a successful outcome to this study. It was therefore a pivotal event for Actelion when, in April 2012, the outstanding results of the SERAPHIN trial were announced, leading to a landmark New England Journal of Medicine publication and the approval of Opsumit in the US and EU by the end of 2013.

The successful outcome of the study also allowed the Board and Management to pause and reflect on a long-term strategy for our company. We took time to assess the future of our industry and the skill base at Actelion and, after detailed consideration, we announced a strategy for long-term value creation, based on three core elements:

- Sustain and grow our PAH franchise
- Build additional specialty franchises
- Optimize profitability

Let us first consider our industry and Actelion's future within it.

DELIVERING VALUE FOR PATIENTS AND PAYORS

The big picture is that populations throughout the world are aging and healthcare is consuming a higher proportion of spending, leading to pressure on pricing and an increasingly competitive market. Payors in this tough environment are demanding value, which translates into either low-price or high-value products (i.e., the product warrants the price). We believe that any pharmaceutical company seeking success in the coming years will have to produce best-in-class products that are worth the price, meaning that they are products which improve outcomes for patients and which payors are willing to finance. Such a company will have patients at the heart of everything it does and will strive to be a company that payors, patients, physicians and policymakers all trust to deliver value. If the company is able to deliver value to that community, it will certainly also deliver value to its shareholders.

Against this background, the Board and Management looked in depth at Actelion's strengths and capabilities. We concluded that Actelion's opportunities are based on our ability to innovate and our focus on treatments that provide a better quality of life for patients challenged by difficult conditions where there is an unmet medical need. In addition, we can leverage our global commercial infrastructure, which is fully aligned around our mission to pursue opportunities within specialty therapeutic areas.

INNOVATION AND FOCUS

Innovation and focus are thus key success factors for our company. Innovation, based on our expertise in medicinal chemistry, is at the heart of what we do, and our objective is to find drugs that enable patients to lead longer, better lives. It was innovation in G-protein coupled receptors (GPCRs) – particularly the involvement of endothelin receptors in pulmonary arterial hypertension (PAH) – that led first to Tracleer® and then to the tailored endothelin receptor antagonist Opsumit. Tracleer and Opsumit are revolutionary products that have and will transform the lives of patients with PAH. We are optimistic that selexipag, a prostacyclin receptor agonist developed with our partner Nippon Shinyaku, has similar, disease-modifying potential.

Compared to, say, rheumatoid arthritis or diabetes, PAH is a small market. By focusing on bringing innovation to PAH and other areas of unmet medical need, Actelion can build leading market positions, operate with small sales forces and develop strong relationships with customers.

Our global presence also gives us a real advantage. Over the years, we have acquired a deep understanding of international markets and the need to adapt to local needs. This involves, in particular, having the right people, the right systems and procedures, and the right infrastructure to support our activities; here, understanding the needs of specialists and the patients they serve is also extremely important. This is what really adds value to what we do – understanding how to achieve formulary listing and secure optimal pricing for a new product, how to raise awareness of the product among physicians, how to help patients find funding in difficult insurance circumstances, how, indeed, the whole process from formulary to reimbursement works. Though every market is, of course, different, we have our own infrastructure in place for this throughout the world, and it gives us a tremendous advantage in the field.

Our success is based on leveraging our strengths in innovation and our global infrastructure and matching them to our focus on specialist physicians in specialty markets where there are unmet medical needs.

PULMONARY ARTERIAL HYPERTENSION
In PAH, the first component of our strategy, we are well placed with our current franchise and, potentially, another new product (selexipag) which, like Opsumit, has the potential to change the treatment paradigm for this disease. Opsumit, having demonstrated its ability to delay disease progression in a morbidity/mortality study, was approved in both the US and Europe at the end of 2013. The first market launch – in November 2013 for the US – has been received extremely favorably by key PAH opinion leaders and other specialists in the field.

Veletri® has proven to be a valuable, synergistic addition to the company's PAH portfolio. It provides unique benefits to the PAH community, as it gives patients greater freedom in the handling of i.v. epoprostenol and thus eases the burden of treatment. In 2013, it was launched in new markets in Europe and Japan (marketed as "Epoprostenol ACT"). Actelion is ideally placed to build on the successful US launch of Veletri in these new territories, applying the lessons learned so as to fully leverage the existing commercial PAH infrastructure, brand equity and resources.

THE PAH MARKET TODAY

PAH is predominantly treated by three classes of drugs – endothelin receptor antagonists (ERAs), prostacyclin receptor agonists and PDE5 inhibitors. The total PAH market was worth approximately CHF 4 billion in 2013, and it has been growing steadily in recent years – in the mid-single-digit range – mainly as a result of an increase in the number of patients being treated.

Actelion's lead drug, Tracleer (bosentan), is the world's highest-selling ERA, with sales of over CHF 1.5 billion in 2013 and a global PAH market share of some 38%. Together with our other PAH drugs, Veletri and Ventavis, this gives Actelion an estimated total share exceeding 40% of the PAH market.

Our expectation is that our new ERA Opsumit (macitentan) – and potentially also our future product selexipag (a prostacyclin receptor agonist) – can once again, like Tracleer, revolutionize the treatment of PAH. This would bring substantial benefits for patients suffering from this debilitating disease. At the same time, it will help us both to grow the market and to offset the patent expiry of Tracleer in key markets, starting in the US from 2015 and the EU from 2017.

Source available on request

ACQUISITION OF VALCHLOR EXPANDS ACTELION'S SPECIALTY PORTFOLIO

In 2013, our specialty product portfolio in the US was strengthened through the acquisition of Valchlor™ (mechlorethamine) gel, an orphan drug purchased as part of our USD 250 million acquisition of US-based Ceptaris Therapeutics, Inc. (completed in September 2013). The first and only FDA-approved topical formulation of mechlorethamine, Valchlor is indicated for the topical treatment of patients with stage IA or IB mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL) who have received prior skin-directed therapy.

Valchlor represents an excellent fit with Actelion's commercial infrastructure, and the product is now being marketed in the US by our upsized Zavesca specialty sales team. A newly created Life Cycle Team is currently evaluating opportunities outside the US before filing for registration in other regions.

Commenting on why Actelion was chosen as its merger partner, Stephen Tullman, CEO of Ceptaris, said: "A half-dozen companies expressed interest in Ceptaris, so we were in the fortunate position to choose the best candidate. We went with Actelion because they really understood the orphan drug marketplace, and we believe they are best placed to maximize the value of Valchlor."

Aside from Opsumit and Veletri, the results of the GRIPHON trial of the novel prostacyclin IP receptor agonist selexipag – another morbidity/mortality study monitoring disease progression – are due to be reported towards the middle of 2014. If successful, selexipag will provide us with another pathway for the treatment of PAH, further strengthening our leadership position in this market. In PAH, we have a franchise of outstanding products, and our long-term morbidity/mortality study design has raised the bar for others who might follow.

ADDITIONAL SPECIALTY FRANCHISES
Beyond PAH, to generate further growth and diversify risk, we are seeking to build additional specialty franchises over the medium term. We have the advantage of strong cash generation from our PAH franchise, and we aim to use these resources, first, to develop our own innovative products from internal R&D and, second – through our business development team – to acquire or in-license new products and projects targeting specialty markets with unmet medical needs. Ideally, such products should also allow us to leverage our global infrastructure, have strong supporting data, enjoy long-term patent protection or market exclusivity, and be available for purchase at the right price.

Our research efforts have delivered several exciting opportunities. For example, we are committed to finding new classes of antibiotics with a reduced risk of causing resistance. Our leading antibiotic, cadazolid, is now being studied in a large Phase III program in *Clostridium difficile*-associated diarrhea (CDAD). The study aims to demonstrate effective treatment of this infection with low recurrence rates and including infections caused by hypervirulent strains.

Another example is our pioneering work in the field of S1P receptor modulators. Our first compound in this field, ponesimod, has demonstrated the value of this class in immunological disorders. A follow-up compound is currently being evaluated in Phase I studies, and emerging tolerability data in human volunteers suggest that this compound may be substantially differentiated from other S1P receptor modulators currently on the market or in clinical development. The data for this compound, together with our clinical experience with ponesimod, provides a solid basis as we prepare to advance in this field.

In 2013, our search for innovation from external sources – with a clearly defined strategy for identifying the right fit – led us to acquire Valchlor™ as part of our merger with Ceptaris Therapeutics, Inc. (see "Acquisition of Valchlor expands Actelion's specialty portfolio"). Valchlor is indicated for the topical treatment of patients with stage IA and IB mycosis fungoides-type cutaneous T-cell lymphoma (MF-CTCL) in patients who have received prior skin-directed therapy, an area very poorly served prior to the approval of Valchlor by the FDA in August 2013. The product is now being used by a specialist group of oncology and dermatology physicians with whom we interact in various ways, providing disease and product information and advice on product use, as well as helping patients to find funding where required and providing assistance through the reimbursement process. This all equates to high added value and plays to the strengths of Actelion's commercial infrastructure.

Our business development team seeks to acquire or in-license similar products or late-stage programs which can be marketed through our existing sales channels or, as in the case of Valchlor, through an upsized sales team that can be supported by our existing commercial platform if the potential financial returns warrant such investment. By focusing on specialty or orphan diseases such as those treated by Valchlor or Zavesca®, and seeking to deliver new, innovative therapies that meet unmet medical needs, we believe we are likely to achieve better pricing and a higher probability of reimbursement.

OPTIMIZING PROFITABILITY

The final element of our strategy is to optimize profitability, and here we have made substantial progress since our plans were first announced in May 2012. This has largely involved refocusing our R&D efforts around the specialty areas on which we are seeking to build our future, and, with fewer projects, significant savings have been made. Following the cost-saving initiatives implemented over the past 18 months, we believe we are now optimally organized for our mission, although we shall remain vigilant for other areas where savings can be achieved.

DELIVERING VALUE FOR SHAREHOLDERS

With the progress we have made in strengthening our market-leading position in PAH, developing additional specialty franchises and optimizing profitability, we are delivering on our strategy for long-term value creation for all stakeholders. In particular, we are building a focused, international specialty biopharmaceutical business capable of delivering sustainable, profitable growth and attractive returns to shareholders.

While acquisitions and in-licensing certainly have a role to play in our future, we are of course confronted with other – sometimes deep-pocketed – competitors seeking such opportunities in the same areas. Perhaps ultimately more important for Actelion, therefore, are our internal discovery and development efforts to bring new products to market and expand the use of existing products. Here, we have been highly successful to date, and we believe we can continue to be so in the future. But whether the next growth opportunity comes from internal or external innovation, all investments will naturally be subject to rigorous financial discipline, ensuring that we make the most efficient use of our resources to drive growth and create shareholder value.

At Actelion, our strategy involves matching our strengths to market opportunities. With our capacity for innovation and our focus on specialty markets, we can make a difference to patients' lives. Having played to these strengths in the company's first chapter, we have applied exactly the same principles in planning for the next, and we will do our utmost to achieve the goals we have set for ourselves.

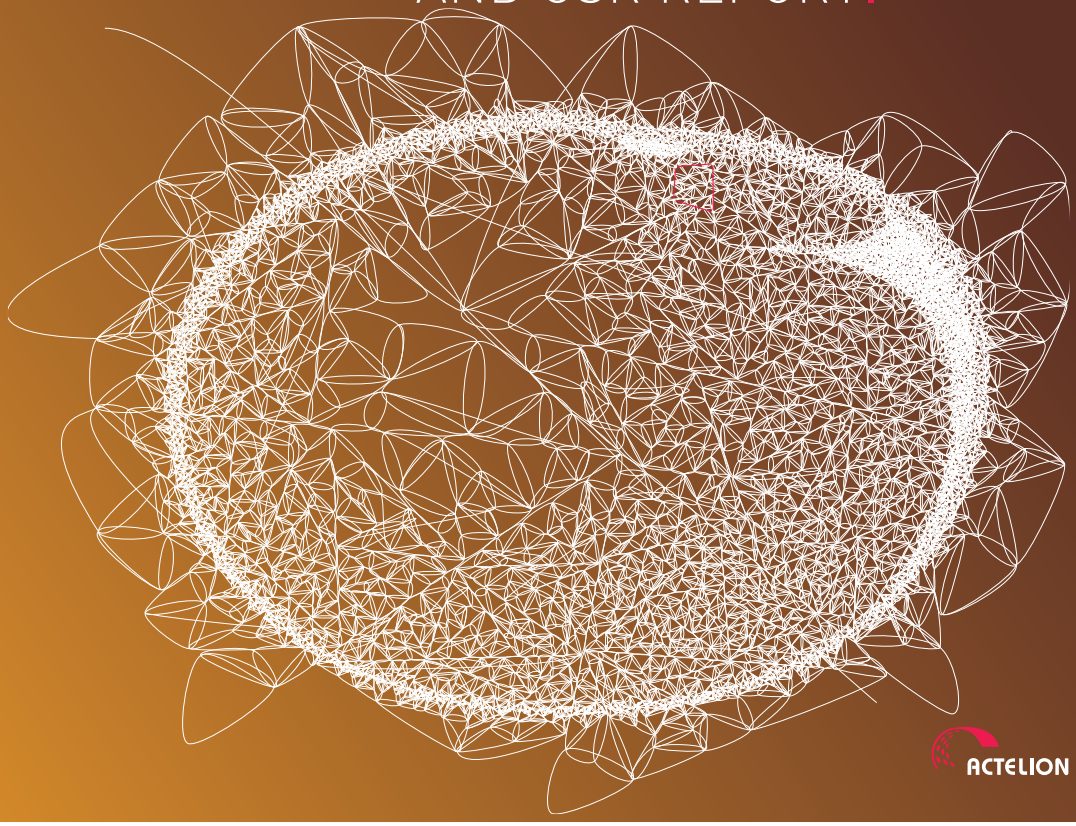
Actelion Pharmaceuticals Ltd
Gewerbestrasse 16
CH-4123 Allschwill
Switzerland

Phone +41 61 565 65 65
Fax +41 61 565 65 00
info@actelion.com
www.actelion.com

Details of Actelion Worldwide can be found on
www.actelion.com

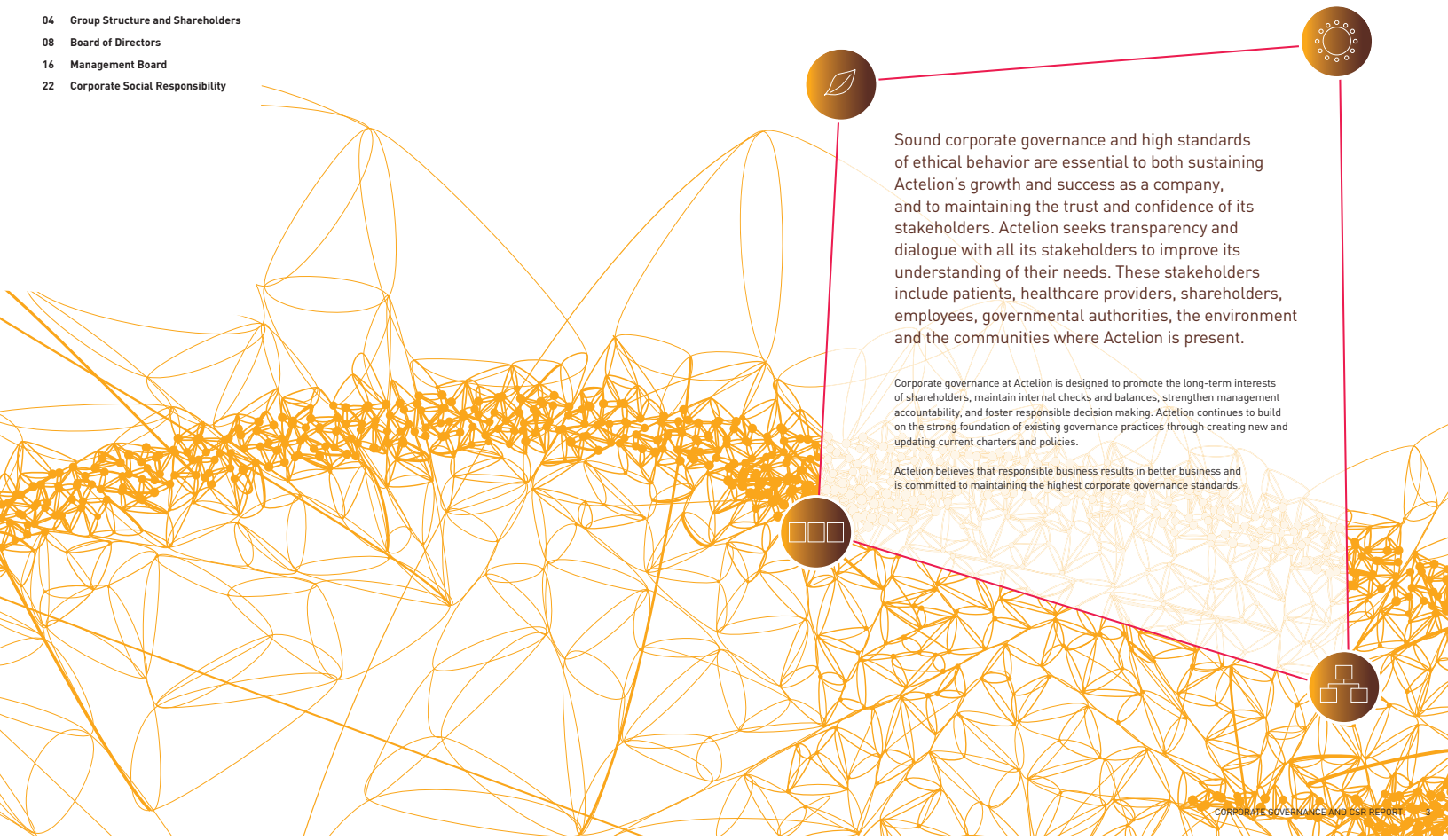
Annual Report 2013

CORPORATE GOVERNANCE AND CSR REPORT.



ACTELION

CONTENTS

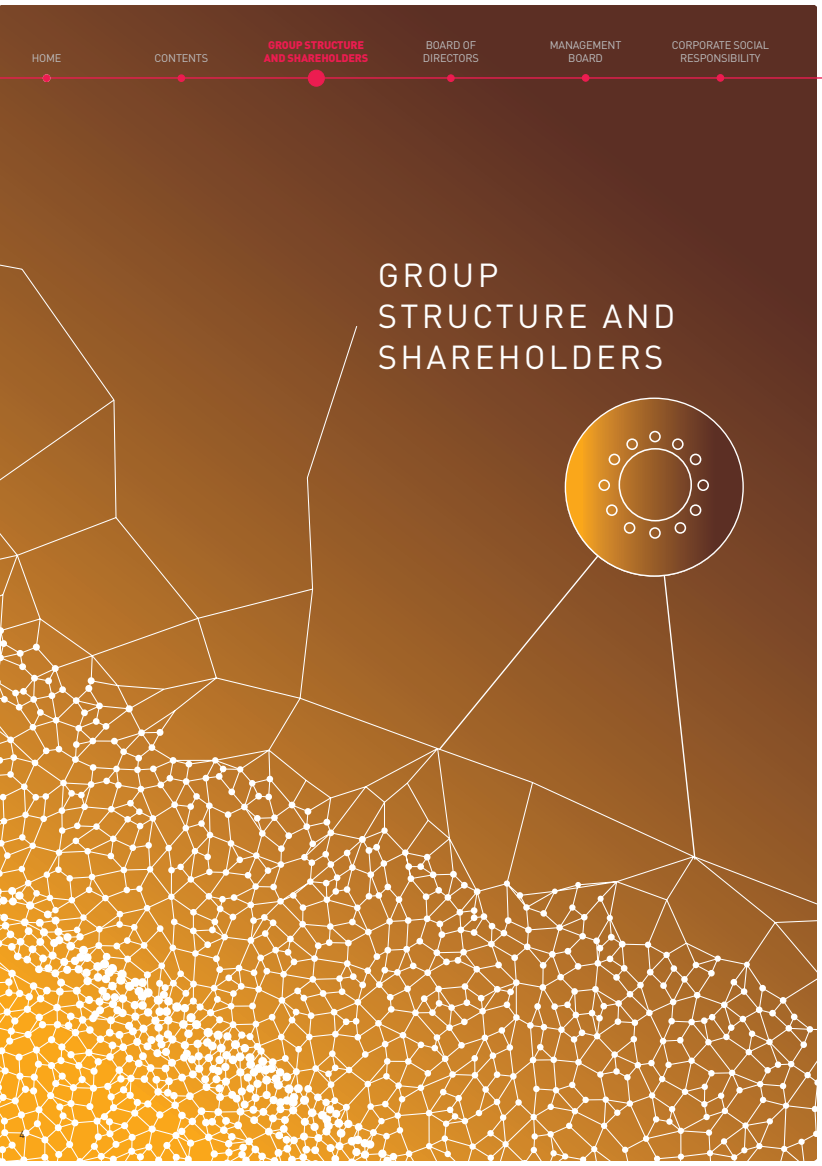


Sound corporate governance and high standards of ethical behavior are essential to both sustaining Actelion's growth and success as a company, and to maintaining the trust and confidence of its stakeholders. Actelion seeks transparency and dialogue with all its stakeholders to improve its understanding of their needs. These stakeholders include patients, healthcare providers, shareholders, employees, governmental authorities, the environment and the communities where Actelion is present.

Corporate governance at Actelion is designed to promote the long-term interests of shareholders, maintain internal checks and balances, strengthen management accountability, and foster responsible decision making. Actelion continues to build on the strong foundation of existing governance practices through creating new and updating current charters and policies.

Actelion believes that responsible business results in better business and is committed to maintaining the highest corporate governance standards.

GROUP STRUCTURE AND SHAREHOLDERS



GROUP STRUCTURE

DESCRIPTION OF ACTELION'S OPERATIONAL GROUP STRUCTURE

Actelion Ltd is the Group's holding and finance company. Actelion Pharmaceuticals Ltd, a 100% subsidiary of Actelion Ltd, with its registered office at Gewerbestrasse 16, CH-4123 Allschwil, is responsible for drug discovery, development, registration, production, quality assurance, safety, marketing coordination, Group management and coordination. Actelion Pharmaceuticals Ltd further holds some of the Group's intellectual property rights.

Actelion Registration Ltd, a 100% subsidiary of Actelion Ltd, is based in London and holds the marketing authorizations for products marketed by Actelion in the EU.

Actelion Clinical Research, Inc., a 100% subsidiary of Actelion US Holding Company, is based in New Jersey and performs clinical development on behalf of the Group.

Actelion Pharmaceuticals Israel Ltd, a 100% subsidiary of Actelion Ltd, is based in Ramat Gan and performs clinical operations on behalf of the Group.

Actelion Finance SCA and Actelion Partners SNC, both based in Luxembourg, and Actelion Cyprus Limited, based in Nicosia, all three 100% subsidiaries of Actelion Ltd, as well as Luxembourg-based Actelion Luxembourg SARL, a 100% subsidiary of Actelion Production Ltd (formerly Actelion Participation GmbH), perform financing for the Group.

Actelion One SA, a 100% subsidiary of Actelion Ltd, is based in Luxembourg and holds certain intellectual property rights on behalf of the Group.

Actelion Re SA, a 100% subsidiary of Actelion Ltd, is based in Luxembourg and provides insurance solutions for the Group.

Actelion US Holding Company, a 100% subsidiary of Actelion Ltd, is based in Wilmington, Delaware, and is the holding company of the Actelion companies in the US.

Areus, Inc., a 100% subsidiary of Actelion US Holding Company, is based in South San Francisco and holds real estate.

Actelion Production Ltd (formerly Actelion Participation GmbH), a 100% subsidiary of Actelion Ltd, is based in Allschwil, Switzerland, and serves as a production and sales company.

The remaining Group companies serve as import, marketing and sales companies for the Group.

ALL LISTED COMPANIES BELONGING TO THE ISSUER'S GROUP

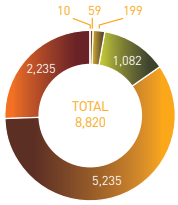
Listed on the SIX Swiss Exchange Ltd under the code: ATLN ISIN CH0010532478

Market capitalization as of 31 December 2013: CHF 9,062,791,099.

SIGNIFICANT SHAREHOLDERS

SHAREHOLDER STRUCTURE
Registered shareholders: There were 8,820 shareholders recorded by the share register on 31 December 2013.

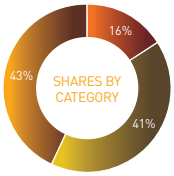
DISTRIBUTION OF SHAREHOLDINGS



More than 1,000,000	10
100,001 to 1,000,000	59
10,001 to 100,000	199
1,001 to 10,000	1,082
101 to 1,000	5,235
1 to 100	2,235

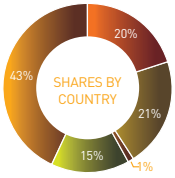
CONSTITUTION OF SHAREHOLDER BODY

SHAREHOLDER STRUCTURE BY CATEGORY OF INVESTORS (NUMBER OF SHARES) AS OF 31 DECEMBER 2013



Individual investors	16%
Institutional investors	41%
Not registered	43%

SHAREHOLDER STRUCTURE BY COUNTRY (NUMBER OF SHARES) AS OF 31 DECEMBER 2013



CH	20%
US	21%
UK	1%
Other	15%
Not registered	43%

CONVERTIBLE BONDS AND OPTIONS

CONVERTIBLE BONDS
Details are to be found in the Financial Report: Consolidated Financial Statements, note 15, page 45 and note 19, page 52.

OPTIONS / RESTRICTED STOCK UNITS (EQUITIES)
The standard employee equity plans are intended to promote the interests of the company by providing employees and members of the Board of Directors with the opportunity to acquire a proprietary interest – or to increase their proprietary interest – in the company, to align employees' interests with those of shareholders and as a retention instrument in order for them to remain in the service of the company. Equities are normally granted annually to existing employees, based on their function within the company and on the achievement of defined performance objectives. Grant levels are reviewed by the Compensation Committee and approved by the Board. Once equities are granted, the Board is not entitled to increase the benefit accruing to the equity holder without the approval of the shareholders. As per 31 December 2013, the total number of outstanding options and restricted shares represented 10.4% of the outstanding shares.

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS AND OTHER ACTIVITIES AND FUNCTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

JEAN-PIERRE GARNIER

Date of birth:
31 October 1947

Nationality:
French and American

Education:
MSc in Pharmaceutical Science and PhD in Pharmacology from Louis Pasteur University, Strasbourg, France; MBA from Stanford University, California, US.

Professional background:
Various management positions at Schering-Plough. Within SmithKline Beecham, President of the pharmaceutical business in North America (1990), elected to the Board of Directors (1992), Chairman, Pharmaceuticals (from 1994), Chief Operating Officer (COO) (from 1995) and Chief Executive Officer (CEO) (from April 2000). First CEO of GlaxoSmithKline, 2001–2008. CEO of Laboratoires Pierre Fabre, 2008–2010.

Other activities and functions:
Member of the Board of Directors of the listed companies United Technologies Corporation and Renault S.A. and of the unlisted company Cerenis Therapeutics Inc. (Chairman). Operating Partner of the unlisted company Advent International Corporation. Officer of the Legion of Honour and Knight Commander of the Order of the British Empire.

JEAN-PAUL CLOZEL

Date of birth:
3 April 1955

Nationality:
French

Education:
Medical degree in France; further training in pharmacology and physiology at the University of Montreal, Canada, and the University of California, San Francisco, US.

Professional background:
Practicing cardiologist, 1980–1985. Head of Drug Discovery Group in the Cardiovascular Department of F. Hoffmann-La Roche Ltd, 1985–1997. Founder and CEO of Actelion.

Other activities and functions:
None.

JUHANI ANTTILA

Date of birth:
20 April 1954

Nationality:
Finnish

Education:
Master's degree in Law at the University of Helsinki, Finland, 1978.

Professional background:
Managing partner at CA Corporate Advisers, Zurich, 1981–1985. Managing Director of Nokia GmbH, Zurich, 1985–1988; Member of the Executive Board of Nokia Consumer Electronics Division, 1989–1995; Chairman of the Executive Board of Nokia (Deutschland) GmbH, Germany, 1990–1995. President and CEO of Swisslog Holding Ltd, 1996–2002. CEO of Ascom Holding Ltd, 2003–2004. Managing Partner of ValCrea AG, since 2004. General Partner of Anttila & Co. Advisors, since 2010.

Other activities and functions:
Member of the Board of Directors of the listed company Ascom Holding Ltd (Chairman) and of the unlisted companies ArgYou AG and ValCrea AG (Chairman).

ROBERT BERTOLINI

Date of birth:
19 December 1961

Nationality:
American

Education:
BA in Economics from Rutgers, the State University of New Jersey, US; Certified Public Accountant licensed in New York and New Jersey, US.

Professional background:
Former Executive Vice President and Chief Financial Officer (CFO) at Schering Plough Corporation; former President and CFO of Bausch & Lomb, Inc. Various executive positions at PriceWaterhouseCoopers; former Member of the Board of Directors of Genzyme Corporation.

Other activities and functions:
Member of the Board of Directors of the listed company Charles River Laboratories International, Inc.

CARL FELDBAUM

Date of birth:
1 February 1944

Nationality:
American

Education:
Bachelor's degree in Biology from Princeton University, US; law degree from the University of Pennsylvania Law School, US.

Professional background:
Assistant Special Prosecutor for the Watergate Special Prosecution Force, 1973–1975. Inspector General for defense intelligence in the US Department of Defense, 1976–1979. Assistant to the Secretary of Energy, 1979–1980. President and founder of the Palomar Corporation, 1980–1988. Chief of staff to Senator Arlen Specter (D-PA) of Pennsylvania, 1988–1993. President of the Biotechnology Industry Organization (BIO) in Washington, D.C., 1993–2005.

Other activities and functions:
Member of the Board of Directors of the listed company Exelixis, Inc., South San Francisco, CA. Member of the Board of BIO Ventures for Global Health and of The Life Sciences Foundation.

JOHN J. GREISCH

(Member of the Board since 18 April 2013)

Date of birth:
10 June 1955

Nationality:
American

Education:
Bachelor's degree in Business Administration from the Miami University, Oxford, Ohio, US; Master's Degree in Management (MBA equivalent) from the Northwestern University, Illinois, US.

Professional background:
CFO, 2004-2006, and President, International Operations, 2006-2009, at Baxter International, Inc.; President and CEO of Hill-Rom Holdings, Inc., since 2010.

Other activities and functions:
Member of the Board of AdvaMed, Advanced Medical Technology Association, Washington D.C., US, and of Lurie Children's Hospital, Chicago, US; former member of the Business School Advisory Board for Miami University's Farmer School of Business.

PETER GRUSS

Date of birth:
28 June 1949

Nationality:
German

Education:
PhD in Biology from the University of Heidelberg, Germany.

Professional background:
President of the Max Planck Society in Munich, Germany, since 2002; Director at the Max Planck Institute for Biophysical Chemistry in Göttingen, Germany, since 1986. Honorary Professor at the University of Göttingen, Germany.

Other activities and functions:
Member of the Board of Directors of the listed companies Siemens AG and Munich Re. Member of the Advisory Board of Deloitte. Member of the "Innovation Dialogue" of the Federal Chancellery, appointed by Angela Merkel. Member of the Senates of the Alliance of Scientific Organizations in Germany, the German Research Foundation (DFG), the German National Academy of Sciences (Leopoldina) and National Academy of Science and Engineering (acatech).

WERNER HENRICH

Date of birth:
3 November 1943

Nationality:
French

Education:
Chemist and European Patent Attorney.

Professional background:
Former Head of Global Intellectual Property and Licensing, F. Hoffmann-La Roche Ltd, Basel.

Other activities and functions:
Member of the Board of Directors of the unlisted companies TET Systems AG and Pivalor AG (CEO).

MICHAEL JACOBI

Date of birth:
30 January 1953

Nationality:
German and Swiss

Education:
PhD in Business Administration from the University of St Gallen (HSG), St Gallen, Switzerland; additional studies at the University of Washington, Seattle, US; completion of a Program for Management Development at Harvard Business School, Boston, US.

Professional background:
Joined the Ciba Group in 1978 and subsequently held various executive positions in the financial area in Switzerland, Brazil and the US. CFO at Ciba Specialty Chemicals, Inc., 1996–2007.

Other activities and functions:
Member of the Board of Directors of the listed company Sonova Holding AG and the unlisted company Hilti AG. Member of the Board of Trustees of the Martin Hilti Family Trust.

ARMIN KESSLER

Date of birth:
31 March 1938

Nationality:
Swiss

Education:
Degree in Physics and Chemistry from Pretoria University in South Africa; degree in Chemical Engineering from the University of Cape Town, South Africa; JD from Seton Hall University, New Jersey, US; registered Patent Attorney at the US Patent Office.

Professional background:
COO of F. Hoffmann-La Roche Ltd, Basel, Switzerland, 1990–1995. Prior to appointment as COO, senior management positions at Roche, including Head of the Diagnostics and Pharmaceutical divisions. Earlier positions included Director of Pharmaceutical Marketing Worldwide at Sandoz (now Novartis) and President of Sandoz KK in Tokyo. Formerly on the Board of Syntex Chemicals, Genentech and F. Hoffmann-La Roche Ltd.

Other activities and functions:
Member of the Board of Directors of the listed company The Medicines Company and the unlisted company MedGenesis Therapeutix Inc.

JEAN MALO

Date of birth:
16 July 1954

Nationality:
French

Education:
MBA from ESSEC, Cergy-Pontoise, France, in 1977.

Professional background:
Chartered Financial Analyst and member of the Association for Investment Management and Research and the Houston Society of Financial Analysts. Financial Analyst at the French Embassy in Singapore, 1977–1978. Corporate Banker for Banque Indosuez in Saudi Arabia, Houston and New York, 1978–1989. Portfolio manager for Daniel Breen and Company in Houston, Texas, 1989–1997. Chief Investment Officer for Vaughan Nelson Scarborough and McCullough, Houston, 1997–2000. Senior Partner and Chief Investment Officer at Breen Investors LP, 2000–2008. Founding Partner, Houston Global Investors, LLC, 2009-2013

Other activities and functions:
Managing Director, Avalon Advisors, LLC, Houston, Texas, since 2013.

ELECTIONS AND TERMS OF OFFICE

PRINCIPLES OF THE ELECTION PROCEDURE AND LIMITS OF THE TERMS OF OFFICE

According to Article 16 of the Articles of Association, the 5 to 11 members of the Board of Directors are elected individually by the Annual General Meeting of the Shareholders for a term of office of three years. One year of office is understood to be the period from one ordinary meeting of shareholders to the next ordinary meeting of shareholders. In principle, the Board of Directors is renewed each year by one third. The term of office of newly elected members is fixed at the time of election with due consideration of the renewal cycle.

	EXECUTIVE MEMBER	DATE OF AGM OF FIRST ELECTION	DATE OF AGM OF RE-ELECTION	DATE OF AGM OF END OF TERM
Jean-Pierre Garnier	No	2011	–	2014
Jean-Paul Clozel	Yes	2000	2011	2014
Juhani Anttila	No	2005	2011	2014
Robert Bertolini	No	2011	–	2014
Carl Feldbaum	No	2005	2011	2014
John J. Greisch	No	2013	–	2014
Peter Gruss	No	2012	–	2014
Werner Henrich	No	2000	2013	2014
Michael Jacobi	No	2009	2012	2014
Armin Kessler	No	2004	2013	2014
Jean Malo	No	2004	2013	2014

INTERNAL ORGANIZATIONAL STRUCTURE

ALLOCATION OF TASKS WITHIN THE BOARD OF DIRECTORS

Jean-Pierre Garnier: Chairman
Jean-Paul Clozel: Delegate

COMPENSATION COMMITTEE	FINANCE AND AUDIT COMMITTEE	NOMINATING AND GOVERNANCE COMMITTEE
Armin Kessler (Chairman)	Michael Jacobi (Chairman)	Carl Feldbaum (Chairman)
Werner Henrich	Juhani Anttila	Armin Kessler
Jean-Pierre Garnier	Jean Malo	Jean-Pierre Garnier
John J. Greisch (since 18 April 2013)	Robert Bertolini	Peter Gruss
		John J. Greisch (since 18 April 2013)

MEMBERS LIST, TASKS AND AREA OF RESPONSIBILITY OF EACH COMMITTEE

The Compensation Committee reviews and approves Actelion's compensation philosophy and reviews the company's global compensation and benefit policies and plans, as well as individual compensation for the members of the Actelion Executive Committee (AEC) and other direct reports to the CEO. The Committee also reviews the company's annual objectives, and evaluates performance against them. Management keeps the Compensation Committee informed of other global HR projects and policies which are being implemented.

The compensation of the Board of Directors is determined by the Board of Directors upon recommendation by the Compensation Committee. The Board also determines the compensation of the CEO, based on a review of the CEO's performance against annual goals set by the Board, and approves that of senior executives reporting directly to the CEO. In making its recommendations, the Compensation Committee considers surveys of compensation in comparable companies and functions, and takes into account advice from an external compensation consultant.

Compensation of both the Board of Directors and members of the AEC is regularly benchmarked, with the most recent review conducted in late 2013. The Committee has appointed New Bridge Street as its independent external compensation advisor. New Bridge Street also provides Actelion with survey data on remuneration levels and practices in the pharmaceutical sector.

During the year, the Committee was also assisted by the Head of Global Human Resources, who is invited to attend meetings, except when his own remuneration is being discussed.

In 2013, the Compensation Committee met four times in person. Each meeting took on average three hours. The Chairman at his discretion can invite any person to attend the meetings. The compensation of the CEO is not discussed in his presence.

The *Finance and Audit Committee* assists the Board in the oversight of the integrity of the financial statements of the company, the External Auditor's (EA) qualifications and independence, the performance of the company's Internal Audit (IA) function and the company's policies and practices with respect to major financial risk exposures.

The Finance and Audit Committee is directly responsible for compensation and oversight of the work of the EA, including: (1) having the authority (subject to shareholder approval) to appoint or replace the EA; (2) approving the compensation of the EA; (3) reviewing the audit scope and audit plan of the EA; (4) reviewing the scope and plan for the EA's audit of the company's internal controls over financial reporting; (5) obtaining and reviewing, at least annually, a report from the EA which describes the company's internal compliance procedures, the annual inspection of the company by the Public Company Accounting Oversight Board (PCAOB), or other quality reviews of the EA; (6) pre-approve all permitted non-audit services to be performed by the EA and establish policies and procedures for the engagement of the EA to provide permitted audit and non-audit services.

The Finance and Audit committee also oversees the company's IA function including: (1) reviewing and approving the internal audit plan, including the plan for testing of internal controls over financial reporting; (2) reviewing significant reports to management prepared by IA (and management's responses); (3) reviewing the results of the internal controls testing, including any significant deficiencies or material weaknesses identified in the testing (and management's responses); (4) discussing the responsibilities, budget, and staffing of the IA function.

The Finance and Audit Committee further performs the following tasks related to financial reporting: (1) reviews key accounting policies, significant accounting estimates and significant related party transactions, and recommend changes in key accounting policies to the Board of Directors; (2) monitors the financial reporting process and reviews the adequacy and effectiveness of the systems of internal controls over financial reporting (including deficiencies and significant changes in internal controls reported to the Finance and Audit Committee) and approves significant changes therein; (3) monitors the effectiveness of the risk management systems in relation to financial reporting; (4) reviews, with management and the EA, the annual and quarterly financial results; (5) reviews earnings press releases and earnings guidance.

Moreover, the Finance and Audit Committee oversees in material respect the company's compliance with applicable financial and securities laws and supervises procedures implemented to ensure compliance with the applicable financial and securities laws.

The Finance and Audit Committee reports to the full Board of Directors at regular intervals and submits proposals for Board resolutions, if necessary. In 2013, the Finance and Audit Committee met four times in person and held at least four additional telephone conferences. Each meeting took on average three hours. The Chairman at his discretion can invite any person to attend the meetings.

The *Nominating and Governance Committee* reviews considerations relating to Board composition, including size of the Board and criteria for membership of the Board of Directors; it identifies, reviews, considers and recommends to the Board qualified candidates to serve as Board members and members of the various Committees of the Board. It further reviews directorships and consulting agreements of Board members for conflicts of interest. In addition, this Committee reviews and recommends Corporate Governance policies and principles for the company, reviews compliance issues, accompanies Corporate Social Responsibility projects, oversees an evaluation of the Board of Directors, maintains an orientation program for new Board members and an ongoing education program for existing Board members, and makes related recommendations to the Board. Moreover, it makes such recommendations to the Board of Directors as the Committee may consider appropriate and consistent with its purpose, and takes such other actions and performs such services as may be referred to it from time to time by the Board of Directors, including the engagement of any outside advisor it may deem necessary or appropriate, at the company's expense. In 2013, the Nominating and Governance Committee met four times in person. Each meeting took at least one hour. The Chairman at his discretion can invite any person to attend the meetings.

WORK METHODS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

In 2013, the Board of Directors met four times in person, and a majority (if not all) of the members were present at each Board meeting. Physical Board meetings take approximately eight hours. When the situation so warrants, the Board of Directors holds additional ad hoc meetings or telephone conferences to discuss specific issues. Any member can request a meeting. The CEO is entitled to attend every meeting of the Board of Directors and to participate in its debates and deliberations, with the exception of executive sessions.

The management presents reports and the Board then takes decisions by majority vote on the relevant issues, except where the Board has delegated specific decisions to a Committee.

In the case of Committees, after the presentation of the issue by the management, the Committee takes a preliminary decision for approval by the full Board, which will be reported along with the details of the issue to the entire Board, who will take the final decision, except where the Board has delegated specific decisions to a Committee.

An orientation program is being provided for new members of the Board of Directors and an ongoing education program will be provided for existing members of the Board of Directors. Furthermore, the members of the Board of Directors are required to regularly fill in a self-assessment form covering the performance of the full Board, the Committees and their individual performances.

DEFINITION OF AREA OF RESPONSIBILITY

The Board of Directors has delegated the management of the company's business to the Chief Executive Officer (CEO) of the company and to the Actelion Executive Committee (AEC), and has granted the CEO the power to appoint the members of the AEC.

The Board of Directors carries out the tasks reserved to it by law. The AEC takes all other management decisions. The By-Laws contain detailed information regarding the assignment of responsibilities to the Board of Directors and the AEC. Management has set up a Scientific Advisory Board (SAB), with the task of reviewing the company's progress in research and clinical development and evaluating new scientific perspectives alongside the company's management. A SAB meeting was held in Allschwil on 10/11 October 2013. On 31 December 2013, the SAB was composed of the following external experts of worldwide reputation: Professors Joël Ménard, Craig Pratt, Graeme Stewart, George Talbot, Richard Tsien and Peter Wipf.

For more information on the SAB, please refer to: www.actelion.com

INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE MANAGEMENT BOARD

The Board of Directors receives monthly reports regarding the financial and business situation of the company and quarterly reports presented by the CEO. Additionally, the Finance and Audit Committee receives, and the Board of Directors approves, quarterly financial results before they are released to the public.

Effective internal controls over financial reporting (ICFR), in line with the Sarbanes-Oxley Act of 2002, Section 404, have been maintained in 2013. In the financial area, the Board is informed regularly, at least once a year, of financial risks and the proposed actions to be taken in the form of the ERM (enterprise risk management) and the ICFR Management attestation.

Actelion's risk management systems primarily address the areas of production, development, business operations and finance. In the area of production, an effective quality system following the principles of Good Manufacturing Practices ensures that the products achieve the required quality to be marketed.

The internal review of clinical development ensures the safe development of products, and an extensive post-marketing surveillance monitors the continuing safety of marketed products. The global quality management function performs independent quality audits ensuring Good Clinical Practice within clinical development, hereby adhering to globally recognized ethical and quality standards for development of investigational medicinal products. A program of Internal Audit assignments provides a systematic and disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes within the Group. These are reviewed by the Finance and Audit Committee and where appropriate by the Nominating and Governance Committee. The Finance and Audit Committee receives Internal Audit reports at the conclusion of each audit assignment. These reports detail risks arising in the areas of operations, compliance and ICFR. The Chairman of the Finance and Audit Committee presents a summary of each report to the full Board of Directors at their regular meetings. On request, Internal Audit reports are disseminated to the full Board of Directors.

MANAGEMENT BOARD

MANAGEMENT BOARD

MEMBERS OF THE MANAGEMENT BOARD
On 31 December 2013, the Actelion Executive Committee (AEC), constituting the "Management Board" as per the Corporate Governance Directive, was composed of:

JEAN-PAUL CLOZEL

Title and function:
Chief Executive Officer (since 1999)

Date of birth:
3 April 1955

Nationality:
French

Education:
Medical degree in France; further training in pharmacology and physiology at the University of Montreal, Canada, and the University of California, San Francisco, US.

Professional background:
Practicing cardiologist, 1980–1985. Head of Drug Discovery Group in the Cardiovascular Department of F. Hoffmann-La Roche, 1985–1997. Founder and CEO of Actelion.

GUY BRAUNSTEIN

Title and function:
Executive Vice President, Head of Clinical Development (since 2009)

Date of birth:
19 November 1956

Nationality:
French

Education:
MD, pulmonologist and PhD in life science, Paris University, France.

Professional background:
Merck Serono, Chief Medical Officer; Serono, Chief Medical Officer International; various executive positions at Astra, Fisons, Rhône-Poulenc Rorer, Glaxo-Wellcome, GSK and Chiron.

NICHOLAS FRANCO

Title and function:
Executive Vice President, Chief Business Development Officer (since 2011)

Date of birth:
9 July 1962

Nationality:
Italian and Canadian

Education:
Graduate of McGill University, Canada, with a BSc in Biochemistry and a Master's degree in Business Administration, Strategic Planning and Marketing.

Professional background:
Senior Vice President, International Commercial Operations, at Axcan Pharma, based near Paris, France; Head of Market Access Region Europe for Novartis Pharma AG, Basel, Switzerland, where he held various management positions since 1991. Previous positions include President of Novartis Ophthalmics, Global Head, Business Development and Licensing Negotiations, and Global Head of Neuroscience Business Franchise.

ANDRÉ C. MULLER

Title and function:
Executive Vice President, Chief Financial Officer (since 1 September 2013)

Date of birth:
30 October 1963

Nationality:
French

Education:
Master's degree in Business Administration from EMLYON Business School, Lyon, France.

Professional background:
From 1994 until 2011 held various financial positions at Pierre Fabre SA, an international pharmaceutical and dermo-cosmetic company, from 2002 serving as Chief Financial Officer.

OTTO SCHWARZ

Title and function:
Executive Vice President, Chief Operating Officer (since 2011)

Date of birth:
13 October 1955

Nationality:
Austrian

Education:
PhD in Pharmacy/ Pharmaceutical Chemistry at the University of Vienna, Austria; postdoc at the University of Florida, Gainesville, US (Professor Katritzky).

Professional background:
EVP Commercial Operations, Nycomed; Member Executive Board Business Strategy & Commercial Operations, Altana Pharma AG; various managerial positions at Schering Plough in Austria, Canada, the US, Germany and at a regional European level, and prior to that with Eli Lilly Austria and Switzerland. President, Business Strategy & Operations, Actelion, 2008–2011.

ANDREW J. OAKLEY

(Member of the AEC until 31 August 2013)

Title and function:
Executive Vice President, Chief Financial Officer (since 2003)

Date of birth:
23 April 1962

Nationality:
Australian

Education:
MBA from London Business School, UK

Professional background:
Professional background: Member of the Australian Institute of Chartered Accountants since 1987, following several years working for a major accounting firm. In his last position before joining Actelion, served in a senior finance capacity for the global holding companies of Accenture. Previously held executive positions in major multinational building material companies and spent several years as an equity analyst with banks in Australia, the UK and the US.

In addition to the above-mentioned members of the AEC, the extended AEC (not being part of the Management Board as per the Corporate Governance Directive) comprised the following individuals:

CHRISTIAN ALBRICH

Title and function:
Senior Vice President, Head Global Human Resources (since 2005)

Date of birth:
14 July 1964

Nationality:
French and German

Education:
MBA from ESSEC Business School, Paris, France

Professional background:
Previously Human Resources Manager with Boehringer Ingelheim in France, HR Director with Serono for European countries. He joined Actelion in 2002 as Head of HR for Europe, Canada and Latin America.

MARIAN BOROVSKY

Title and function:
Senior Vice President, Group General Counsel (since 2000) & Corporate Secretary (since 2003)

Date of birth:
25 September 1969

Nationality:
Swiss

Education:
Doctor of law (Dr. iur.) educated at the University of Basel, Switzerland, attorney-at-law admitted to the Bar in Switzerland and qualified business mediator.

Professional background:
Started his professional career as an attorney-at-law with an insurance company and subsequently worked as a legal and tax advisor for PricewaterhouseCoopers. In addition, he completed a secondment to an international business law firm in London.

MARTINE CLOZEL

Title and function:
Senior Vice President, Chief Scientific Officer (since 2009)

Date of birth:
27 December 1955

Nationality:
French

Education:
MD, specialization in pediatrics and in neonatal intensive care, educated at the University of Nancy, France; further training in physiology and pharmacology at McGill University, Montreal, Canada, and at the University of California, San Francisco, US.

Professional background:
Assistant professor, Neonatology; Scientific expert, leader of drug discovery projects, F. Hoffmann-La Roche Ltd. Head of Drug Discovery, Pharmacology & Preclinical Development, Actelion, 1997–2009.

ROLAND HAEFELI

Title and function:
Senior Vice President, Head of Investor Relations & Public Affairs (since 2001)

Date of birth:
5 September 1964

Nationality:
Swiss

Education:
Advanced degrees in Contemporary History from the University of Bern, Switzerland, and in Political Science from the University of North Carolina at Chapel Hill, US.

Professional background:
Stock market training program in a Swiss private bank; several years as a news writer, presenter and editor for several print and electronic media operations; two years as a delegate for the International Committee of the Red Cross (ICRC) in Bosnia and Rwanda; corporate spokesperson for F. Hoffmann-La Roche Ltd; Head of Media Relations for various companies, including Serono.

SHAREHOLDERS' PARTICIPATION RIGHTS

AGENDA
Shareholders holding more than CHF 1 million worth of shares are entitled to add items to the agenda of the Annual General Meeting of Shareholders (AGM). Proposals for the AGM must be sent to the company to arrive approximately 40 days prior to the date of the AGM. The exact deadline for sending in proposals is made public approximately two months prior to the date of the AGM.

REGISTRATION IN SHARE REGISTER
Only shareholders who are registered in the shareholders register of the company on the date falling approximately 10 days prior to the AGM are entitled to vote at the AGM. The exact deadline for being registered in the shareholders register is made public with the press release following the presentation of the financial results to the public for the full year ending on 31 December.

AUDITORS

DURATION OF THE MANDATE AND TERM OF OFFICE OF LEAD AUDITOR
Ernst & Young AG, Basel, was elected as the statutory auditor of the company for the first time in 2006 and was re-elected for the financial year 2013 by resolution of the shareholders on 18 April 2013.

Mr Pramit Mehta has been lead auditor since 2013. The term of office of the lead auditor is seven years.

AUDITING HONORARIUM
On an accrual basis, the auditing fees for the year under review are as follows:

Audit fees:	CHF 2,370,084
Audit-related fees:	CHF 146,062

ADDITIONAL HONORARIUM
In addition to the fees described above, aggregate fees of CHF 151,854 were billed by Ernst & Young during the year ending 31 December 2013, mainly for income tax compliance and related tax services, as well as transaction advisory services.

SUPERVISORY AND CONTROL INSTRUMENTS VIS-À-VIS THE AUDITORS

The Finance and Audit Committee is responsible for reviewing the internal control of the accounts and finances of the company via its supervisory activities over both external and internal audit functions (see page 13).

This process continues to be supported by the increased transparency resulting from internal controls over financial reporting at all Finance and Audit Committee meetings. The external auditors meet with the Finance and Audit Committee to present their plan, scope, audit approach, budget and audit results. The Finance and Audit Committee reviews these and evaluates the independence of the external auditors from a risk analysis perspective. In addition, the auditors present their opinions resulting from an integrated audit, along with an annual management letter. The company has ensured that the auditors' partner in charge has unrestricted access to the Chairman of the Finance and Audit Committee and fulfills all independence criteria. In 2013, the external auditors met four times with the Finance and Audit Committee, once each quarter.

Regarding the selection of external auditors, the Finance and Audit Committee will, on an infrequent basis, assess offers and presentations from several appropriate, independent external audit firms and will then make a proposal to the full Board, based on pre-defined service level and quality criteria, as to the external auditors to be recommended for election. The final approval of the external auditors is made by the shareholders at the AGM.

INFORMATION POLICY

The management issues statements regarding the company's progress on a quarterly basis, at the same time as the financial results are made public.

Shareholders are regularly informed of Actelion's business at the AGM and via ad hoc releases, online announcements, road shows, major news agencies and the Swiss Official Gazette of Commerce.

The Investor Relations & Public Affairs department is available to respond to shareholders' or potential investors' queries.

The company's website can be accessed at www.actelion.com. The site contains information useful to investors, including media releases, financial statements and background information on marketed products, clinical pipeline and research capabilities. Also available on the website is the company's communication policy, outlining Actelion's disclosure guidelines.

General web address; www.actelion.com
Policies and Charters; Our Company → Corporate Responsibility → Policies and Charters
Contact Investor Relations; Investors → Contact Us
or investor.relations@actelion.com

ITEM	DETAILS TO BE FOUND IN
GROUP STRUCTURE	
The non-listed companies belonging to the issuer's consolidated entities	Financial Report: Holding Company Financial Statements, Note 3, page 70
SIGNIFICANT SHAREHOLDERS	Financial Report: Holding Company Financial Statements, Note 11, page 74
CROSS-SHAREHOLDINGS	None
CAPITAL STRUCTURE	
Capital	Financial Report: Holding Company Financial Statements, Notes 4, 5 and 7, pages 71 and 72
AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR	
Conditional share capital	Financial Report: Consolidated Financial Statements, Note 19, page 52; Holding Company Financial Statements, Note 5, page 71; Article 3a of the Articles of Association
Authorized share capital	Article 3b of the Articles of Association (currently no authorized share capital)
CHANGES OF CAPITAL	Financial Report: Consolidated Financial Statements, page 18 For 2011 – please refer to the Financial Report 2012, page 70; - pdf link, - online link; annualreport2012.actelion.com
SHARES AND PARTICIPATION CERTIFICATES	
Shares	Financial Report: Holding Company Financial Statements, Note 4, page 71
Participation certificates	None
PROFIT SHARING CERTIFICATES	None
LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATIONS	
Limitations on transferability for each share category, along with an indication of statutory group clauses, if any	Article 5 of the Articles of Association
Rules on making exceptions	None
Reasons for making exceptions in the year under review	None
Admissibility of nominee registrations, along with an indication of percent clauses, if any, and registration conditions	Article 5 of the Articles of Association
Procedure and conditions for canceling statutory privileges and limitations on transferability	Statutory privileges and limitations on transferability can be canceled with a two-thirds majority of the votes represented at the Annual General Meeting of Shareholders (Article 15 of the Articles of Association)
BOARD OF DIRECTORS	
Cross-involvement	None
MEMBERS OF THE MANAGEMENT BOARD	
Other activities and functions	None
Management contracts	None
SHAREHOLDERS' PARTICIPATION RIGHTS	
Voting rights and representation restrictions	Articles 5 and 11 of the Articles of Association
Statutory quorums	Article 15 of the Articles of Association, and the Swiss Code of Obligations
Convening of Annual General Meetings of Shareholders	Articles 9, 12 and 13 of the Articles of Association, and the Swiss Code of Obligations
DUTY TO MAKE AN OFFER	
Opting-out or opting-up provisions	None

CORPORATE SOCIAL RESPONSIBILITY

COMPLIANCE

Actelion is committed to upholding the highest ethical standards in everything we do. During 2013, we created an Ethics and Compliance Committee. Its role is to oversee all compliance matters identified by various functions with compliance-related responsibilities within Actelion which could have a significant impact on the company's business operations, financial performance or public image. In addition, corporate policies and practices with regard to applicable legal and regulatory requirements, industry standards and the Actelion Code of Conduct will be reviewed and monitored by the Committee, which will then make recommendations to the Executive Committee and the Board of Directors.

All employees, temporary workers and contractors must comply with Actelion's Policy on Ethical Conduct, as well as all applicable laws and associated policies. This Policy is updated as needed and all colleagues are required to acknowledge that they have read and understood all the relevant principles and practices. We do not tolerate any violations of our code of conduct or associated policies. Any concerns or suspected violations are to be reported to the Group Compliance Officer as outlined in the Whistleblower Protection Policy.

The Company continues to be proactive in establishing policies and practices that support strong corporate governance and transparency. These policies and practices are continually reviewed and enhanced as appropriate.

We know that physicians and patients expect us to provide accurate and balanced information about our products. We adhere to strict ethical sales and marketing practices and fully support transparency in our relationships with healthcare professionals. Our policies regarding interaction with healthcare professionals are based on industry best practices, including the provisions of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice, the updated Pharmaceutical Research and Manufacturers of America (PhRMA) Code on Interactions with Healthcare Professionals and other applicable industry codes.

ENVIRONMENT

Just as we seek to have a positive impact on the lives of our patients and employees and in the communities where we operate, we also strive to minimize our impact on the environment.

Actelion has responded to the call for greater corporate climate accountability by providing full transparency on its energy use. With a disclosure score in the top 10% of reporting companies, Actelion is now part of the CDP Climate Disclosure Leadership Index.

For 2013, the global carbon footprint of Actelion amounted to 5.1 million tons of CO_2, which is 2 % lower than in the previous year. This data is assured by PwC and the assurance report is available on www.actelion.com. Actelion continues to look for ways to further reduce its footprint.

We have been incorporating green building standards in all our new construction projects. These include the use of solar panels, which generated 85,000 kilowatt hours of electricity in 2013. Our newest building in Allschwil is primarily heated with woodchips, and all new buildings have centralized light control, as well as light sensors in all bathrooms, hallways and other public spaces.

Actelion continues to test a novel climate control system, provided by the Swiss Federal Institute of Technology (ETH) in Zurich. The system, known as OptiControl, combines the latest developments in building technologies, weather forecasting, automated control engineering and sensor systems to improve climate control of buildings. The aim is to develop a predictive system to optimize climate control and maximize occupant comfort, while reducing energy consumption by up to 15% and keeping operating costs to a modest level.

The accessibility of our headquarter campus has improved greatly over the last few years, with frequent, direct buses from the railway station and downtown Basel. We continue to work with the local authorities to further improve accessibility, especially for colleagues traveling from France and Germany. As more and more electric cars are on the roads, we are installing electric vehicle charging stations at headquarters, as well as in our US affiliate.

Around the globe, employees are playing their part in reducing our impact on the environment. This ranges from using recycled office materials to planting 287 trees in 2013 to offset US car emissions.

In November 2013, Actelion launched a new campaign entitled "ONE TWO WE" in conjunction with our caterer, the SV Group. Food is a major contributor to CO_2 emissions – approximately one third of overall emissions are due to our food supply. The new climate protection program run by the SV Group in cooperation with WWF Switzerland involves the use of vegetarian alternatives and more regional and seasonal ingredients, combined with reduced energy consumption and waste. By 2015, the SV Group aims to reduce CO_2 emissions in its "ONE TWO WE" operations by 10%.

COMMUNITIES

We care about the neighborhoods we call home, and we actively support initiatives that benefit the community. We accomplish this in several ways, including engagement with chambers of commerce, local councils and interest groups particularly concerned with health and life sciences.

The main focus of our community efforts remains science education. We are investing in education at the beginning of the cycle – in 2010, we started supporting a mobile lab project together with a number of other local companies. Having helped to develop the concept and design experiments, we are pleased to report that the bus is now rolling and aims to visit 80 schools per year. The target audience consists of elementary schools in Northwestern Switzerland, and the goal is to ignite a passion for science in young minds.

We also organize lab weeks which are designed to give interested students from local schools an insight into life as a researcher. In 2013, for the first time, we hosted a series of summer lectures for local high-school students, featuring topics such as "Robots in the lab", "3 D modeling" and "The fate of a drug substance in the body".

In addition, we support our employees by matching their donations for humanitarian causes. Following the devastating typhoon which struck the Philippines in November 2013, our employees raised over CHF 40,000 for the relief efforts, and this contribution was doubled by Actelion.

ACCESS TO DRUGS / PATIENT ADVOCACY

Global healthcare challenges are daunting. We recognize that, in providing innovative medicines for patients in need, we must work together with governments, payers, patients, healthcare providers and other stakeholders to develop workable and sustainable solutions.

Actelion is working to strengthen its collaboration with patient organizations around the world – to gain deeper insights into patients' day-to-day needs and the challenges they face across many disease states.

Between 2010 and 2012, Actelion sponsored a steering committee of PAH experts (comprising both healthcare professionals and representatives from global PAH patient organizations) established to develop an International PAH Patient and Carer survey. The goal of the survey was to provide new insights into the wider impact of PAH on patients and carers, beyond the clinical definition of the physical burden of the disease – a topic which has not been extensively researched in the past. Four main areas were explored: the physical and practical impact; the emotional impact; the financial impact; and the information needs of this patient group. The aim of the survey was to gain a better understanding of PAH patients' and carers' experience of living with the disease, and to inform ongoing research in the area, so as to develop a compelling case for providing more comprehensive support for PAH patients and their carers in the future.

The results of the survey provide an invaluable insight into the substantial global impacts – physical, practical, emotional and social – of PAH on patients and their carers. These findings highlight the need for multidisciplinary and multidimensional care.

Throughout this past year, patient associations across Europe and the US have used the results and the call to action to improve the care and quality of life of patients, families and their support networks.

On the basis of this new understanding, we aim to work hand in hand with patient organizations and other key stakeholders worldwide to improve the depth and quality of disease management information, to enhance the quality of care and to raise public awareness about the challenges our patients face and the need for expanded access to treatment.

Providing sustainable access to healthcare for all those who need it remains a significant global challenge. We continue to support needy patients through patient access programs, and to work with government and other stakeholders to widen access in geographies around the world.

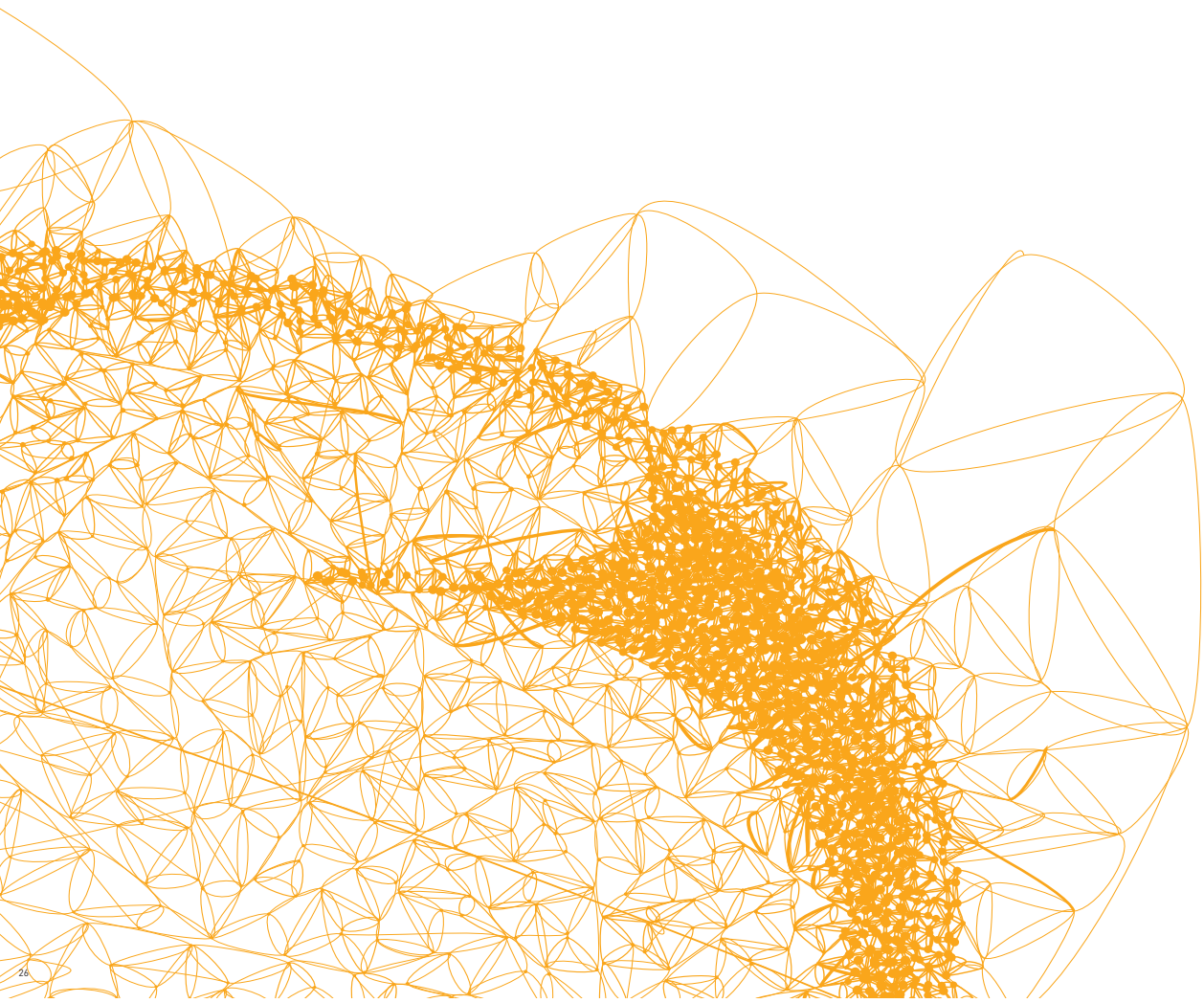
In the US, we support patients by providing co-payment assistance or through a free drug program for eligible patients. In other parts of the world, where Actelion's drugs are either not approved or reimbursed, we have global guidelines in place to try and provide access, while ensuring full compliance with local laws and regulations.

OUR PEOPLE

We value our people. It is only with their determination and dedication that we can continue to serve growing numbers of patients and generate long-term value for our shareholders.

Actelion believes that it is vital for our workforce to reflect the diversity of the communities we serve – our employees come from over 60 countries and 51% are female. We have long been committed to fostering a culture of respect, fairness and equal opportunity. Actelion does not tolerate any form of discrimination based on race, religion, national origin, disability or any other personal characteristics.

We want all our employees to feel engaged, with a clear sense of purpose and confidence in their abilities. This means providing them with effective leadership, clear targets, open lines of communication, opportunities for learning and development, and a healthy, safe and energizing workplace where they can realize their full potential.



Actelion Pharmaceuticals Ltd
Gewerbestrasse 16
CH-4123 Allschwill
Switzerland

Phone +41 61 565 65 65
Fax +41 61 565 65 00
info@actelion.com
www.actelion.com

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Annual Report 2013

COMPENSATION REPORT.

ACTELION

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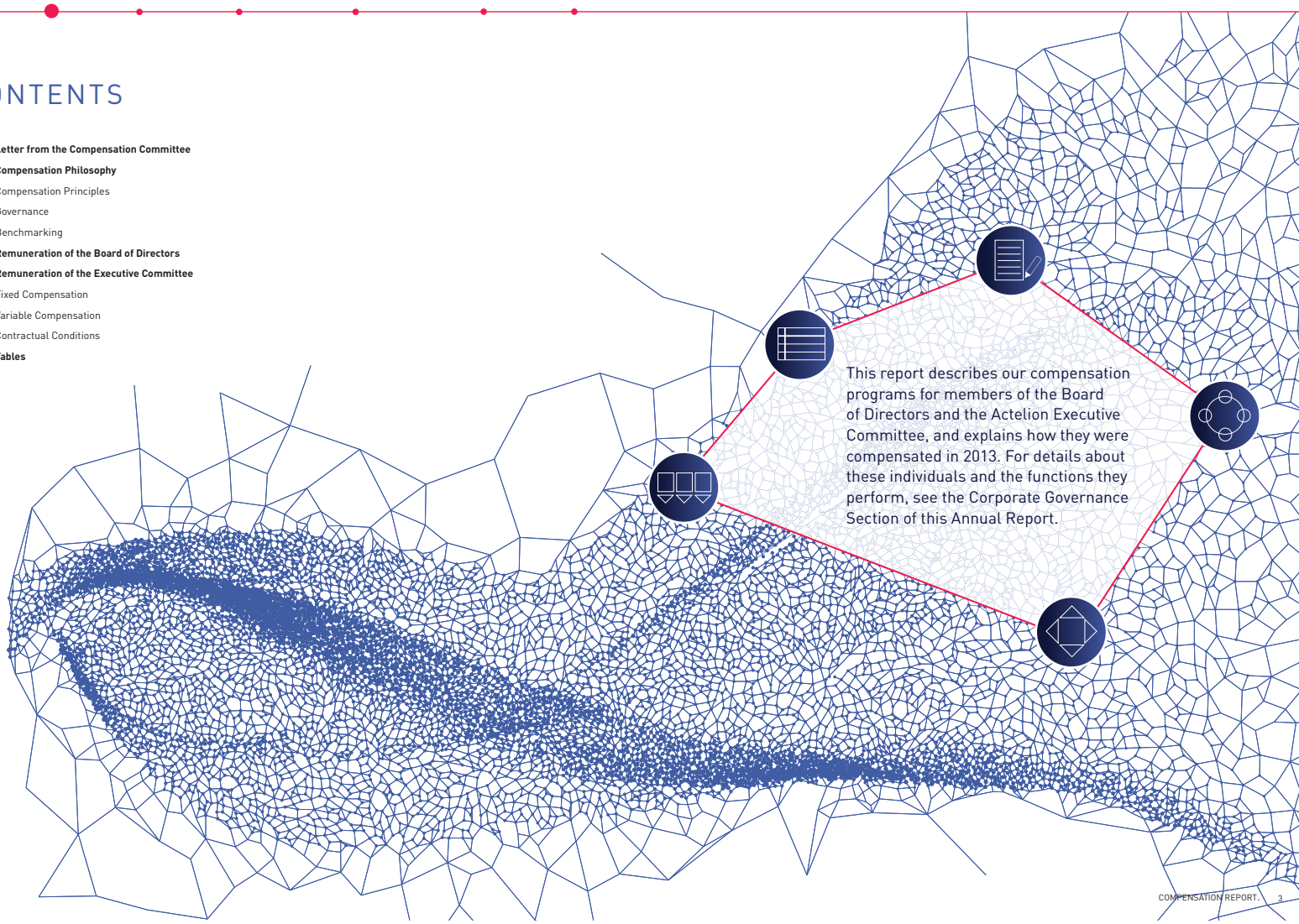


This report describes our compensation programs for members of the Board of Directors and the Actelion Executive Committee, and explains how they were compensated in 2013. For details about these individuals and the functions they perform, see the Corporate Governance Section of this Annual Report.

LETTER FROM THE COMPENSATION COMMITTEE

Dear Shareholders,

We are pleased to present you with our Compensation Report for the year ended 31 December 2013. The Company demonstrated strong performance in terms of financial results, and strengthening the product portfolio. Furthermore, Actelion's shareholders benefited from a Total Shareholder Return (TSR) that far exceeded the median return for companies listed in the Swiss Market Index (SMI), as well as for those in the Company's global peer group.

In addition, the Company implemented the changes to the compensation system announced in 2012, thus ensuring that executive compensation supports the achievement of our ambitious strategic goals. We are convinced that the current structure strikes a balance between motivating and retaining our executives and, at the same time, incentivizing management to deliver long-term shareholder value.

2013: SOLID FINANCIAL RESULTS AND BUSINESS ACHIEVEMENTS

In 2013, the Company delivered a solid financial performance based on cost control measures initiated in 2012 and continued in 2013, as well as strong sales, despite increasing competition in key regions. The Company also expanded its product portfolio during 2013, with the approval of Opsumit® with a unique label in the US and the EU, and the acquisition of the specialty pharmaceutical company Ceptaris, including its FDA-approved T-cell lymphoma drug Valchlor™.

Consequently, Actelion became the best-performing share on the SMI in 2013 and ranked in the top quartile of its global peer group for TSR. In line with these results, the short-term incentives paid in 2013 were higher than last year's.

A COMPENSATION SYSTEM THAT SUPPORTS OUR STRATEGY

As we operate in a competitive sector where expertise is scarce, our compensation system is essential in attracting and retaining the talent needed to execute our ambitious strategy, and to deliver long-term value for our shareholders. Effective compensation programs will also be key in supporting us in meeting the challenges ahead in 2014 and beyond – launching our new drugs Opsumit and Valchlor on the one hand, and continuing to expand our pipeline on the other.

The system strikes a balance between retention of top talents and clearly defined parameters with thresholds and caps based on the achievement of financial and strategic goals.

ADAPTATION OF THE COMPENSATION SYSTEM IN 2013

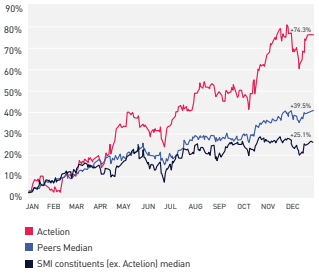
In the light of the feedback received from shareholders since 2012, we have adapted our compensation plans.

A much higher proportion of the compensation mix has been put at risk in 2013, compared to previous years, thus further strengthening the link between performance and reward, and supporting the Company's strategy.

In particular, we have replaced the Deferred Cash Profit Sharing Plan with a Deferred Equity Bonus based on group financial Key Performance Indicators. Another notable modification is the introduction of a stringent performance condition based on relative TSR measured over three years, applying to the majority of units granted under the Long-Term Incentive scheme.

At the heart of these fundamental modifications to Actelion's executive remuneration policies are the creation of long-term value for shareholders, alignment of the interests of shareholders and management, and elimination of the possibility of "pay for failure".

ACTELION TSR PERFORMANCE DURING 2013 vs KEY BENCHMARKS



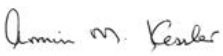
We are confident that they will promote top-tier performance over the coming years.

A NEW SWISS REGULATORY LANDSCAPE FOR EXECUTIVE COMPENSATION

The Company also laid the groundwork for the implementation of the "Minder" legislation, which gives additional power to shareholders over executive compensation and provides a new framework for executive contractual conditions. In order to comply with these new regulations, Actelion undertook a review of its executive compensation practices in 2013. As a result of this review, the Company made the decision to terminate the change-in-control clauses for the Actelion Executive Committee and CEO in 2014.

The Compensation Committee will continue to review compensation arrangements in line with evolving regulatory conditions and changes in best practices. The Compensation Committee remains committed to dialogue with shareholders, and we welcome regular feedback on our compensation policies. We look forward to receiving your support and a positive vote at the AGM.

Yours sincerely



ARMIN KESSLER
Chairman of the Compensation Committee

COMPENSATION PHILOSOPHY

COMPENSATION PRINCIPLES

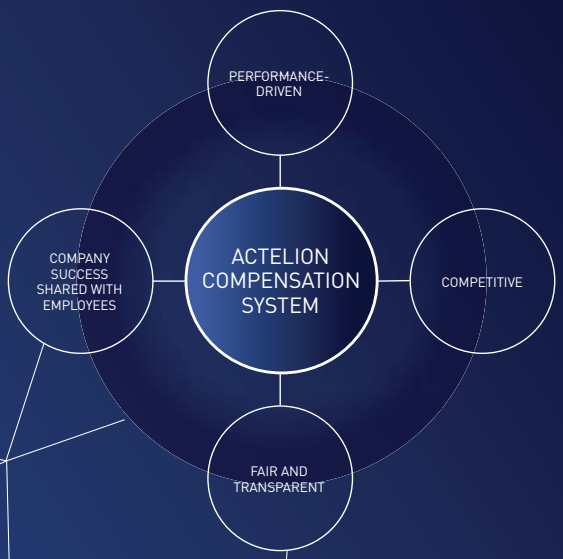
The Actelion Compensation System operates according to four principles, as described below

PERFORMANCE-DRIVEN
- Variable compensation is based on achievement of corporate goals, and share price performance
- Clear caps and thresholds are applied to all variable compensation
- The majority of executive compensation is at risk

COMPETITIVE
- The compensation system allows the Company to attract and retain the talent needed to support its strategy.
- Compensation levels are aligned with peers with whom we compete for talent through regular benchmarking for AEC and Board members

COMPANY SUCCESS SHARED WITH EMPLOYEES
- Executives' performance goals are derived from Company goals
- Variable compensation provides downside and upside potential, based on actual performance

FAIR AND TRANSPARENT
- Executive compensation is overseen by the Compensation Committee of the Board of Directors
- All executive compensation is based on predefined goals and metrics
- Disclosure follows Swiss corporate governance principles



GOVERNANCE

The Compensation Committee drives the compensation strategy and determines executive compensation. The Committee reviews and approves fixed compensation decisions based on the recommendations of the CEO.

Variable compensation elements such as Short-Term Incentives (STIs) and Long-Term Incentives (LTIs) are granted on the basis of predetermined grids, which are approved by the Committee on an annual basis. Detailed explanations are given in the section of the report entitled "Remuneration of the Actelion Executive Committee" in 2013.

The CEO's compensation is determined by the Board of Directors, based on a recommendation by the Compensation Committee.

In 2013, the Committee met four times. It appointed New Bridge Street, as its independent external advisors to provide advice on compensation practices and benchmarking.

BENCHMARKING

The compensation of both the Board of Directors and the Actelion Executive Committee (AEC) is benchmarked at least every three years under the guidance of the Compensation Committee, with the most recent analysis taking place in late 2013, based on data provided by New Bridge Street.

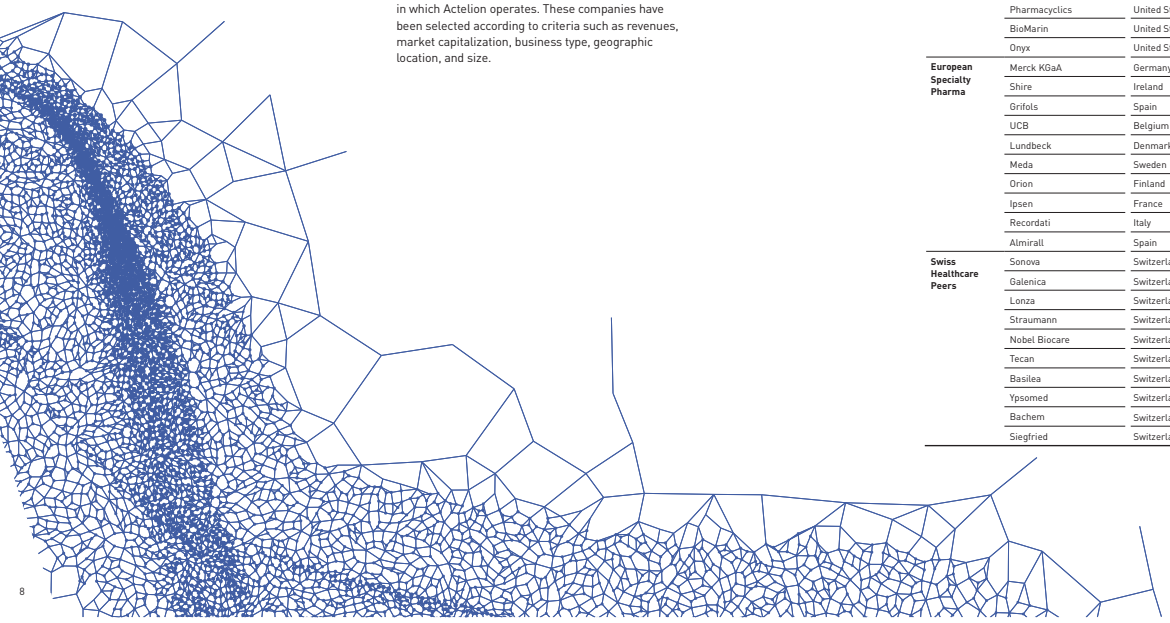
With effect from 2013, the compensation peer groups for the Board of Directors and the AEC have been combined into one. This peer group is also used to measure Actelion's Relative Total Shareholder Return, which determines the vesting of a majority of executives' LTIs.

As a reference point, the Company targets the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for high performance.

The benchmark group comprises a selection of companies chosen to reflect the competitive environment in which Actelion operates. These companies have been selected according to criteria such as revenues, market capitalization, business type, geographic location, and size.

BENCHMARK GROUP

Category	Name	Country
Large Cap US and European Pharma	J&J	United States
	Roche	Switzerland
	Pfizer	United States
	Novartis	Switzerland
	Merck & Co	United States
	Sanofi	France
	GSK	United Kingdom
	Bayer	Germany
	Novo Nordisk	Denmark
	AstraZeneca	United Kingdom
Large and Mid Cap Biotech	Gilead	United States
	Amgen	United States
	Celgene	United States
	Biogen	United States
	Regeneron	United States
	Alexion	United States
	Vertex	United States
	Pharmacyclics	United States
	BioMarin	United States
	Onyx	United States
European Specialty Pharma	Merck KGaA	Germany
	Shire	Ireland
	Grifols	Spain
	UCB	Belgium
	Lundbeck	Denmark
	Meda	Sweden
	Orion	Finland
	Ipsen	France
	Recordati	Italy
	Almirall	Spain
Swiss Healthcare Peers	Sonova	Switzerland
	Galenica	Switzerland
	Lonza	Switzerland
	Straumann	Switzerland
	Nobel Biocare	Switzerland
	Tecan	Switzerland
	Basilea	Switzerland
	Ypsomed	Switzerland
	Bachem	Switzerland
	Siegfried	Switzerland



REMUNERATION OF THE BOARD OF DIRECTORS IN 2013

NON-EXECUTIVE DIRECTORS

The Board of Directors approves the compensation of its non-executive directors (NEDs) on the basis of the Compensation Committee's recommendations, which in turn are based on benchmark data provided by New Bridge Street, the independent external advisor.

Following their election or re-election to the Board, the annual retainer is calculated for each NED for the upcoming term (AGM to AGM) on the basis of their Committee memberships in addition to the Board membership retainer (see overview below).

The NED must then choose between cash and equity for the allocation of the total amount of the retainer. Equity is granted in the form of shares of Actelion stock under the Director Share Plan (DSP). Shares granted under the DSP vest immediately, and can be blocked for one year at the request of the NED, resulting in a tax discount on the taxable value at grant.

In line with the choices made by the NED for the term, the retainer is paid out in four installments, following each quarterly Board and Committee meeting.

NEDs are eligible for additional compensation where, in exceptional circumstances, their normal annual time commitment is significantly exceeded. In such circumstances, a payment of CHF 2,000 per day of additional activities may be made. No such compensation was granted in 2013.

The Company pays employer contributions to social security plans under applicable legislation.

SHARE OWNERSHIPS REQUIREMENTS

Under share ownership guidelines introduced in 2012, NEDs are required to acquire and hold Actelion shares worth 100% of their total annual Board retainers. This threshold is to be met within three years from their first election to the Board or, for current NEDs, three years from their next re-election. The Board has discretion to extend this period in exceptional circumstances.

Armin Kessler, Jean Malo, Werner Henrich and John Greisch are currently affected by this rule and must meet the share ownership requirements by the end of the 2016 Board term. The other NEDs will be subject to these requirements from the 2014 Board elections.

ANNUAL BOARD AND COMMITTEE RETAINERS

The table below shows the annual retainers for the 2013–2014 term. Retainers are paid on a quarterly basis starting from each year's Annual General Meeting.

Annual Retainers	CHF (2013-2014 Term)
Chairman of the Board	
Board Membership (including Membership of Committees)	320,000
Other Board Members	
Board Membership[1]	200,000
Finance and Audit Committee Chairmanship	22,000
Finance and Audit Committee Membership	12,000
Compensation Committee Chairmanship	17,000
Compensation Committee Membership	9,000
Nominating and Governance Committee Chairmanship	13,000
Nominating and Governance Committee Membership	6,000

[1] In the 2013-2014 term, NEDs in the first year of their term received an additional Board Membership fee of CHF 55,000, which was paid in cash or shares in four installments following each quarterly Board and Committee meeting.

EXECUTIVE DIRECTORS

The CEO, Jean-Paul Clozel, is the only Executive Director currently on the Board. The NEDs review Dr Clozel's performance as CEO and set his compensation once a year based on the recommendations of the Compensation Committee.

The structure of the remuneration of the CEO is similar to that of the members of the Actelion Executive Committee. For more details, please refer to "Remuneration of the Actelion Executive Committee" overleaf.

REMUNERATION OF THE EXECUTIVE COMMITTEE IN 2013

ACTELION EXECUTIVE COMMITTEE (AEC)

In 2013 the AEC consisted of:

Jean-Paul Clozel	Chief Executive Officer
Guy Braunstein	Executive Vice-President, Head of Clinical Development
Otto Schwarz	Executive Vice-President, Chief Operating Officer
Nicholas Franco	Executive Vice-President, Chief Business Development Officer
Andrew Oakley	Executive Vice-President, Chief Financial Officer (until August 2013)
André C. Muller	Executive Vice-President, Chief Financial Officer (from September 2013)

EXECUTIVE COMPENSATION - OVERVIEW

An overview of compensation elements for which Members were eligible in 2013:

1 BASE AND BENEFITS

- Based on scope and level of responsibility of the job, plus knowledge and experience required to fulfil role
- Statutory benefits

2 CASH BONUS

- Incentivises the achievement of annual Financial and Project-Based performance goals
- Target payout is a percentage of base salary
- Can go from 0% to 130% of target payout based on actual performance

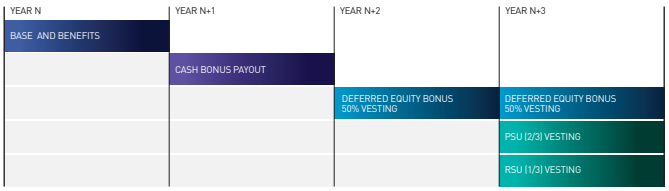
3 DEFERRED EQUITY BONUS

- Aligns management with the Company's financial performance
- Target payout is a percentage of base salary, deferred into RSUs
- 50% vests in second year following eligibility, 50% vests in third year

4 LTI-ANNUAL GRANT

- Aligns Management with long-term shareholder returns
- Annual Grant consists of mix of 2/3 Performance Share Units and 1/3 Restricted Stock Units
- PSUs vest contingent on achievement of Total Shareholder Return (TSR) compared to peer group
- Vesting period of three years

THE TIMING OF GRANT AND PAYOUT FOR EACH COMPENSATION ELEMENTS

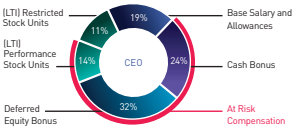


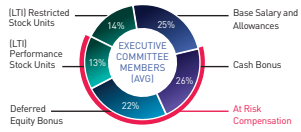
AGGREGATE AMOUNTS AND ACTUAL WEIGHT IN THE COMPENSATION MIX OF TOTAL DIRECT COMPENSATION ELEMENTS RECEIVED IN RELATION TO 2013

	2013 Not At Risk Compensation	2013 At Risk Compensation
1. CEO	CHF 1,826,443	CHF 4,193,959
2. AEC Members*	CHF 718,291	CHF 1,142,242

* Average excluding CEO

EXECUTIVE PAY MIX





FIXED COMPENSATION

BASE SALARY
The base salary of Actelion Executive Committee (AEC) members reflects the market value of the position and the experience of the employee. Its purpose is to reward the scope of responsibility and job content. It is paid on a monthly basis in cash.

BENEFITS
The company maintains defined-contribution plans under the Swiss occupational pension regulations. Pension benefits are provided through an insurance company. Management participates in the same statutory benefits as all employees in Switzerland. Several AEC members receive company car allowances

VARIABLE COMPENSATION

SHORT-TERM INCENTIVES
The short-term incentive programs for the CEO and other members of the AEC consist of a cash bonus, and a deferred equity bonus.

Both programs are based on the achievement of preset performance targets which are used to calculate Performance Factors. The cash bonus is based on weighted Group, Unit, and Individual Performance Factors, while the deferred equity bonus is based entirely on the Group Performance Factor. The Performance Factors are determined as follows:

Group Performance Factor (GPF)
The 2013 GPF is calculated as follows:

- Actual yearly product sales versus target – 50% weighting
- Actual yearly core earnings versus target – 50% weighting

The targets are set and reviewed by the Compensation Committee on an annual basis and the resulting GPF can range from 0% to 130%. Performance against target of less than 90% results in a GPF of 0%.

Based on the 2013 actual performance, the GPF amounted to 130%.

Unit Performance Factor (UPF)
Unit performance goals depend on the line of business. The UPF represents the performance delivered by business functions reporting to the CEO. The CEO sets goals at the start of the year and then proposes a performance factor to the Compensation Committee based on actual achievement.

The UPF can range from 0% to 130%, depending on actual performance.

In 2013, the UPF for AEC members ranged from 120% to 130%.

Individual Performance Factor (IPF)
The IPF is calculated based on the achievement of project-based objectives set by the CEO for each AEC member reporting to him.

At the end of the year, the CEO reviews actual performance compared to goals and, after evaluating the achievement of each goal, assigns the AEC member an IPF rating on a scale from 0% to 130%, which is then reviewed and approved by the Compensation Committee.

The CEO's individual goals are set and reviewed by the Board of Directors.

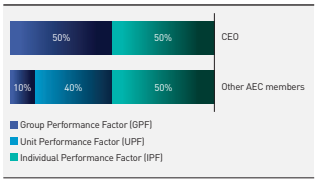
In 2013, the IPF for AEC members ranged from 120% to 130%.

Cash bonus
AEC members are eligible for a cash bonus which rewards the achievement of yearly targets. The cash bonus is based on a target amount which ranges between 30% and 100% of base salary, depending on the individual function and seniority in the Company.

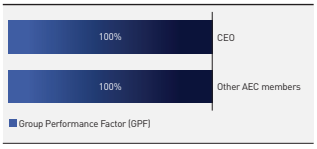
Following the year-end performance assessment, the target percentage is multiplied by a payout coefficient based on the achievement of yearly group, unit, and individual objectives.

The actual bonus payout is capped at 130% of the target amount, depending on actual performance.

The weighting of performance factors for the calculation of the payout coefficient for AEC members can be summarized as follows:



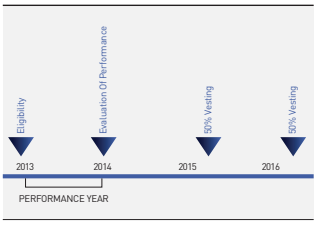
Deferred Equity Bonus
In 2013, Actelion responded to shareholder feedback by replacing the previous Deferred Cash Profit Sharing Bonus with a Deferred Equity Bonus. This is designed to reward and retain key employees while linking rewards to the achievement of Group financial goals. The goals are based on the metrics of the GPF as described above for measuring performance.



The target value is equivalent to 130% of base salary for the CEO and ranges from 80% to 100% of base salary for other AEC members.

The actual award value is obtained by applying the GPF to the individual target value.

This award value is then deferred into Restricted Stock Units (RSUs), which vest in two tranches of 50% in years two and three following eligibility. RSUs are forfeited if the employee leaves the Company before they have vested.



COO Stretch Bonus Plan
For 2014, in light of the global launch of Opsumit and Valchlor, an additional Stretch Bonus Plan has been established for the COO. Under this plan, he will be eligible for a bonus capped at 140% of his annual base salary. Payout is contingent upon the achievement of financial goals based on stretch targets for product sales goals set by the CEO and approved by the Compensation Committee. The payout will be deferred in two equal installments over 2015 and 2016.

The level of achievement for each goal will be assessed by the CEO and reviewed by the Compensation Committee.

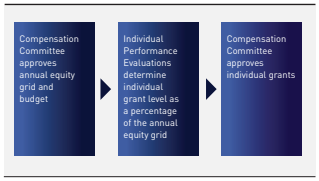
Deferred Cash Profit Sharing Bonus (discontinued)
This plan was discontinued in 2013 following shareholder feedback. The payout of the 2012 plan took place in January 2014. The Deferred Cash Profit Sharing Plan was based on a percentage of Actelion's operating profit determined by the Compensation Committee. For 2012, individual payouts were capped at 100% of each participant's annual base salary. This award was disclosed as income in the 2012 annual report.

In 2013, a partial payout of the 2011 plan took place. The amount paid out at that time was reduced by the impact of the Asahi litigation on the Company's financial results. Additional payments under the 2011/2013 plan may be made depending on the final outcome of this outstanding litigation, which would result in a retroactive revision of the basis upon which the payout was calculated. Any additional payments will be disclosed in the year in which they are made. Total individual payments under the 2011/2013 plan are capped at the average base salary of the level to which the executive is matched within Actelion's global grading system.

LONG-TERM INCENTIVES
Over the past few years, Actelion has taken several major steps to ensure that the long-term interests of AEC members are aligned with those of shareholders, while introducing measures to reduce potential dilution. These steps include:

- Elimination of Stock Option grants to AEC members and NEDs
- Replacement of the majority of RSU grants with Performance Share Units (PSUs), the vesting of which is contingent on stringent relative Total Shareholder Return (TSR) conditions
- Introduction of a clawback provision

LTI grant process and Valuation
The management of Actelion's LTIs follows Corporate Governance best practices and is overseen by the Compensation Committee at all key stages of the grant process, as summarized below:



The annual equity grid is determined as a fixed annual number of PSUs and RSUs to be granted according to the seniority of the employee within the Company. This grant amount can then be modified, depending on the performance of the AEC member, based on the recommendations of the CEO, and subject to approval by the Compensation Committee. The amount granted to the CEO is determined by the Compensation Committee and approved by the Board of Directors.

According to the 2013 grid, other AEC members were eligible for a target grant value ranging from CHF 375,000 to CHF 575,000, which was then converted into a fixed number of PSUs and RSUs based on the closing Actelion share price on March 1, 2013. Depending on individual performance, the grant level could vary from 0% to 150% of the target value.

EXAMPLE OF ANNUAL LTI GRANT (2013 GRID AND ACTUAL FIGURES)

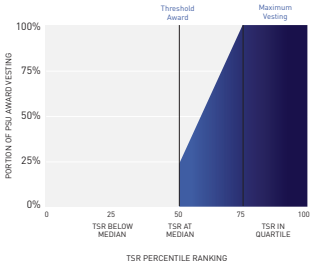
Total grid value	**CHF 575,000 (100% performance)**	
	RSUs	**PSUs**
Split in %	50%	50%
Split in value	CHF 287,500	CHF 287,500
Share Price (01.Mar.2013)	CHF 48.19	
Conversion Ratio		2 PSUs for 1 RSU
Units Granted	5'966	11'932

Performance Share Plan (PSP) and Restricted Share Plan (RSP)
All members of the AEC were granted a mix of PSUs and RSUs in 2013. Grant levels strictly follow the process summarized above, and the conversion ratio was determined on the basis of a valuation model, resulting in 2 PSUs granted for each RSU.

PSU Vesting
PSUs are subject to a stringent relative Total Shareholder Return (TSR) condition, which excludes vesting under the median of the peer group. Performance is measured over three calendar years.

Actelion's TSR will be compared with the peer group mentioned on page 10, and the portion of the PSU award vesting will vary according to the following performance curve:

PSUs RELATIVE TSR VESTING CONDITION



- None of the PSU will vest if Actelion's TSR is below the TSR peer group Median
- For TSR at the TSR peer group Median, 25% of the PSUs will vest
- For TSR at the 75th Percentile or higher of the TSR peer group, 100% of the PSU will vest
- Between each point, awards will vest on a straight-line basis

RSU Vesting
RSU vesting is contingent upon continued employment with Actelion, with a three-year cliff vesting period.

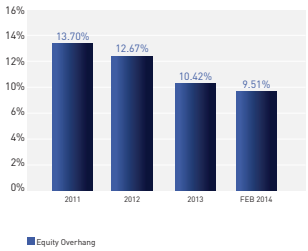
Decreasing overhang from outstanding equity incentives
Actelion takes a disciplined approach to managing the long-term effects of LTI grants and is committed to vigilant management of stock dilution.

In total, as of February, 2014, the issued equity overhang (total number of options and performance/restricted stock units outstanding divided by the total number of common shares outstanding) amounted to 11.5 million units, representing 9.51% (down from 12.67% at December 31, 2012, and 13.7% at December 31, 2011).

Out of the total overhang resulting from equity compensation, approximately one-third stemmed from the remaining stock options granted in 2005 under the Challenge Award, which was specifically authorized by shareholders at the time.

The Company's "burn rate", or the number of new equities granted in 2013 divided by the total number of common shares outstanding, is 1.7%, which is low for a company of Actelion's age, size, and sector. As a result, equity overhang will decrease further in the coming years, continuing the trend summarized in the table:

DECREASE IN EQUITY OVERHANG, 2011-2014



CONTRACTUAL CONDITIONS

CLAWBACK PROVISIONS
In 2012, a clawback provision was introduced to enable the Company to reclaim from it's employees the value of any incentives that are paid as a result of a material misstatement of the Company's accounts for the relevant financial year in respect of which the payout was made, and / or in circumstances of gross misconduct by an individual participant in the plans.

The clawback provision covers all variable compensation plans, including short-term and long-term incentives.

CONTRACTUAL TERMINATION
Employment contracts for the CEO and other AEC members provide for a notice period of up to 12 months in case of termination.

In 2013, the Company did not enter into any new change in-control agreements with members of the AEC. Under the change-in-control clauses granted prior to 2013, AEC members would have been entitled to a severance equivalent to two years' compensation in case of "termination without cause" occurring six months prior to or two years following the change in control.

IMPLEMENTATION OF THE "MINDER" LEGISLATION
With regard to executive contractual agreements, the Board of Directors will evaluate any impact of the newly adopted "Minder" legislation. The Company ceased to grant change-in-control clauses and severance agreements to new members of the AEC in 2013. The existing change-in-control clauses and related severance agreements for AEC members and the CEO will be terminated in 2014 in the spirit of the new law, and in advance of the deadlines it imposes.

COMPENSATION AND SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND ACTELION EXECUTIVE COMMITTEE

Compensation Board of Directors

In 2013 and 2012, the non-executive members of the Board of Directors were awarded the following compensation (in CHF):

Name	Year	Functions	Cash compensation	Stock-based awards[1]	Total annual compensation/ benefits earned[2]
Jean-Pierre Garnier	2013	Chairman Member of the Compensation Committee Member of the Nominating & Governance Committee	168,000	152,099	320,099
	2012	Chairman Member of the Compensation Committee Member of the Nominating & Governance Committee	84,000	168,082	252,082
Robert E. Cawthorn	2012	Member (until May 4, 2012)	11,000	-	11,000
Juhani Anttila	2013	Member Member of the Finance & Audit Committee	212,000	-	212,000
	2012	Member Member of the Finance & Audit Committee	168,000	-	168,000
Robert J. Bertolini	2013	Member Member of the Finance & Audit Committee	106,000	106,154	212,154
	2012	Member Member of the Finance & Audit Committee	88,500	79,547	168,047
Carl Feldbaum	2013	Member Chairman of the Nominating & Governance Committee	135,788	77,382	213,170
	2012	Member Chairman of the Nominating & Governance Committee	56,925	111,901	168,826
John J. Greisch	2013	Member (since April 18, 2013) Member of the Compensation Committee Member of the Nominating & Governance Committee	60,750	141,804	202,554
Peter Gruss	2013	Member Member of the Nominating & Governance Committee	78,975	140,842	219,817
	2012	Member Member of the Nominating & Governance Committee	104,875	126,071	230,946
Werner Henrich	2013	Member Member of the Compensation Committee	182,875	26,140	209,015
	2012	Member Member of the Compensation Committee	86,375	78,457	164,832
Michael Jacobi	2013	Member Chairman of the Finance & Audit Committee	203,500	18,534	222,034
	2012	Member Chairman of the Finance & Audit Committee	120,000	55,548	175,548
Armin Kessler	2013	Member Chairman of the Compensation Committee Member of the Nominating & Governance Committee	66,900	156,214	223,114
	2012	Member Chairman of the Compensation Committee Member of the Nominating & Governance Committee	61,175	117,145	178,320
Jean Malo	2013	Member Member of the Finance & Audit Committee	63,600	148,441	212,041
	2012	Member Member of the Finance & Audit Committee	56,700	111,393	168,093
Jean-Paul Clozel		CEO and Delegate of the Board	See Section "Highest total compensation"		
2013 Total (excl. Jean-Paul Clozel)			**1,278,388**	**967,610**	**2,245,998**
2012 Total (excl. Jean-Paul Clozel)			**837,550**	**848,144**	**1,685,694**

[1] The Company has a share payment plan for the Board of Directors ("DSP"). Each non-executive director can elect to receive a portion of its annual compensation in shares out of the DSP and if a blocking period of one year shall be applied on such shares. The fair value of the shares has been determined based on the share price at grant date.

[2] Excludes social security contributions of CHF 85,865 and CHF 35,287 in 2013 and 2012, respectively, due to the fact that the Group has been exempted from the obligation to provide such contributions for the majority of the Group's non-executive directors. To ensure comparability, the numbers disclosed in the audited Holding Company Financial Statements for the twelve months ended December 31, 2012, have been correspondingly adjusted to exclude CHF 35,287 in total of social security contributions related to the compensation of the Board of Directors.

Highest total compensation and AEC compensation

Only members of the AEC are members of the management within the relevant meaning of Art 663b[bis] of the Swiss Code of Obligations ("SCO") and as such disclosed in the following tables.

Highest total compensation

In 2013 and 2012, Jean-Paul Clozel, Chief Executive Officer and member of the Board of Directors, was the highest paid executive. The compensation outlined below relates to both functions.

Compensation elements	2013	2012
Base salary	1,130,721	1,108,550
Allowances[1]	3,047	320
Bonus	1,469,937	1,408,968
Deferred equity bonus (2013) / Deferred profit sharing (2012)	1,910,918	1,108,550
Total cash compensation	**4,514,623**	**3,626,388**
Options (ESOP)[2]	-	652,796
Restricted stock units (ESP/ RSP)[3]	692,675	539,597
Performance stock units (PSP)[4]	813,103	-
Total direct compensation	**6,020,401**	**4,818,781**
Pension contributions	198,733	190,991
Social security contributions	136,714	171,151
Total highest compensation	**6,355,848**	**5,180,923**

[1] Includes transportation allowances, car allowances and fees for memberships.

[2] The Company had an employee share option plan ("ESOP"), which has been discontinued in 2013. The fair value of the options allocated under the ESOP was estimated by the use of a Binomial Lattice option pricing model. Note 20. Stock-based compensation in the audited consolidated financial statements provides details on the ESOP conditions and valuation.

[3] The Company has an employee share plan ("ESP"), which has been renamed in restricted stock plan ("RSP") in 2013. Under the ESP/ RSP the Company allocates restricted stock units ("RSUs") which correspond to a right of one Company share. Note 20. Stock-based compensation in the audited consolidated financial statements provides details on the ESP/ RSP conditions and valuation.

[4] The Company has a performance share plan ("PSP"), which allocates performance share units ("PSUs") to its employees. The fair value of the PSUs allocated under the PSP was estimated by the use of a Monte-Carlo pricing model. Note 20. Stock-based compensation in the audited consolidated financial statements provides details on the PSP conditions and valuation.

AEC compensation

In 2013 and 2012, the AEC members (including the highest paid executive) were awarded the following compensation:

Compensation elements	2013	2012
Base salary	3,333,691	3,139,350
Allowances	92,996	64,671
Bonus	3,877,583	3,803,341
Deferred equity bonus (2013) / Deferred profit sharing (2012)	3,969,898	2,925,665
Total cash compensation	**11,274,168**	**9,933,027**
Options (ESOP)	-	652,796
Restricted stock units (ESP/ RSP)	1,991,213	2,401,354
Performance stock units (PSP)	2,057,691	-
Total direct compensation	**15,323,072**	**12,987,177**
Pension contributions	476,273	492,855
Social security contributions	557,487	590,848
Total AEC compensation[1]	**16,356,832**	**14,070,880**

[1] In 2013, Compensation of former and leaving members of the AEC is fully disclosed for the last year of service of the respective member.

Long-term incentives summary AEC

The following table sets out the stock-based awards provided to the members of the AEC (including the highest paid executive) under the various schemes operated by the Company. The amounts disclosed below are also included in the summary tables above.

	2013		2012	
Type of award[1]	Quantity	Grant date fair value	Quantity	Grant date fair value
Options (ESOP)	-	-	53,333	12.24
Restricted stock units (ESP/ RSP)	39,915	49.89	72,529	33.11
Performance stock units (PSP)	72,048	28.56	-	-

[1] In 2013, long-term incentives provided to former and leaving members of the AEC are fully disclosed for the last year of service of the respective member.

Loans and other payments to members of the Board of Directors, the AEC and related parties

Loans

No loans were granted to current or former members of the Board of Directors, of the AEC or to "Related Parties" as per Article 663b[bis] SCO during 2013 and 2012. No such loans were outstanding as of December 31, 2013 and 2012.

Other payments

During 2013 and 2012, no payments (or waivers of claims) other than those set out above were made to current members of the Board of Directors, of the AEC or to "Related Parties" as per Article 663b[bis] SCO.

Payments to former members

During 2013 and 2012, no payments (or waivers of claims) other than those set out above were made to former members of the Board of Directors, of the AEC or to "Related Parties" as per Article 663b[bis] SCO. A total amount of CHF 352,937 was paid in 2012 to two former members of the AEC, covering end of service commitments.

Investments held by the members of the Board of Directors

The members of the BoD held the following equity instruments as of December 31, 2013 and 2012:

		Number of shares		Number of options	
Name	Functions	2013	2012	2013	2012
Jean -Pierre Garnier	Chairman Member of the Compensation Committee Member of the Nominating & Governance Committee	15,113	12,470	-	-
Robert E. Cawthorn[1]	Member (until May 4, 2012)	-	507,552	-	75,795
Juhani Anttila	Member Member of the Finance & Audit Committee	3,000	-	-	10,000
Robert E. Bertolini	Member Member of the Finance & Audit Committee	3,673	1,896	12,696	12,696
Carl Feldbaum	Member Chairman of the Nominating & Governance Committee	4,059	4,767	34,498	44,888
John J. Greisch	Member (since April 18, 2013) Member of the Compensation Committee Member of the Nominating & Governance Committee	2,177	-	-	-
Peter Gruss	Member (since May 4, 2012) Member of the Nominating & Governance Committee	5,563	3,219	2,654	2,654
Werner Henrich	Member Member of the Compensation Committee	22,654	22,111	15,016	15,016
Michael Jacobi	Member Chairman of the Finance & Audit Committee	5,570	5,185	-	24,888

Name	Functions	Number of shares 2013	Number of shares 2012	Number of options 2013	Number of options 2012
Armin Kessler	Member Chairman of the Compensation Committee Member of the Nominating & Governance Committee	42,793	40,178	15,000	15,000
Jean Malo	Member Member of the Finance & Audit Committee	12,258	9,773	52,410	52,410
Jean-Paul Clozel	CEO and Delegate of the Board	See table "Investments held by the members of the AEC"			
Total		**116,860**	**607,151**	**132,274**	**253,347**

[1] Including related parties. Investments held by former members of the BoD are only disclosed for the last year of service of the respective member.

Since 2012 the Company has share ownership guidelines in place for the non-executive members of the BoD. Each non-executive director is required to acquire and retain shares of the Company with a value of at least 100% of his total annual compensation, based on the average value of his holding over one calendar year to December 31 of that calendar year. For new members, this requirement has to be met within three years from their first election to the Board. For other members, the guidelines need to be met within three years from their next re-election after 2012. Shares granted under the DSP are considered in the determination if the respective threshold has been met, while outstanding awards granted under the directors' share option plan ("DSOP"), which was discontinued in 2012, do not qualify for that purpose. The three-year period allotted for the acquisition of the requisite numbers of shares may be extended at the discretion of the Board of Directors in case of material changes in the share price.

Investments held by the members of the AEC

The members of the AEC held the following equity instruments as of December 31, 2013 and 2012:

Name	Functions	Number of shares 2013	Number of shares 2012	Number of options 2013	Number of options 2012	Number of RSUs 2013	Number of RSUs 2012	Number of PSUs 2013
Jean-Paul Clozel [1]	Chief Executive Officer	5,281,544	5,262,883	1,088,670	1,088,670	55,104	41,353	40,402
Guy Braunstein	Head of Clinical Development	8,120	1,670	59,350	59,350	39,972	40,456	11,932
Nicholas Franco	Chief Business Development Officer	-	-	21,600	21,600	20,180	16,289	7,782
André C. Muller	Chief Financial Officer (since September 1, 2013)	-	-	-	-	3,891	-	-
Otto Schwarz	Chief Operating Officer	2,175	2,500	61,475	96,475	33,328	37,037	11,932
Andrew J. Oakley	Chief Financial Officer (until August 31, 2013)	-	52,461	-	152,950	40,364	40,848	11,932
Total		**5,291,839**	**5,319,514**	**1,231,095**	**1,419,045**	**192,839**	**175,983**	**83,980**

[1] Including related parties. Investments held by former members of the AEC are only disclosed for the last year of service of the respective member.

Presentation and measurement principles for compensation disclosure

Base salary, pension and social security contributions and allowances are disclosed as paid out in the year of reference. Cash bonus as disclosed is based on pre-defined targets, accrued in the respective reporting period, re-measured and paid out in the following year based on actual achievement. Amounts disclosed as deferred profit sharing are measured in the year of reference, re-measured based on pre-set conditions and paid out in the second year following the year of reference. Deferred equity bonus as disclosed is based on pre-defined targets, accrued in the respective period, measured and granted in the form of restricted stock units in the following year based on actual achievement. Stock-based awards are disclosed at the grant date fair value.

Actelion Pharmaceuticals Ltd
Gewerbestrasse 16
CH-4123 Allschwill
Switzerland

Phone +41 61 565 65 65
Fax +41 61 565 65 00
info@actelion.com
www.actelion.com

Details of Actelion Worldwide can be found on
www.actelion.com