Horizon Pharma plc
Form DEF 14A
April 08, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Horizon Pharma Public Limited Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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1. Amount Previously Paid:

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3. Filing Party:

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HORIZON PHARMA PUBLIC LIMITED COMPANY

ANNUAL GENERAL MEETING OF SHAREHOLDERS

May 2, 2019

NOTICE AND PROXY STATEMENT

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April 8, 2019

Dear Fellow Shareholder:

2018 was an exceptional year for Horizon. In addition to generating record net sales of $1.2 billion, an increase of 14 percent over 2017, and adjusted EBITDA of $451 million[1], an increase of 16 percent, we made tremendous progress executing our strategy to build a robust and differentiated pipeline and maximize the growth of KRYSTEXXA®, our biologic medicine for uncontrolled gout[2]. We also generated strong results for our shareholders with a one-year total shareholder return of 34 percent in a year when the Nasdaq Biotechnology Index (NBI) declined 9 percent.

KRYSTEXXA, with its 65 percent year-over-year growth, was the key driver of our net sales performance for the year. It was a year of expansion and investment in our flagship medicine to accelerate its growth potential. We doubled the commercial team and our addressable patient population and supported the expansion with investment in the commercial infrastructure. Strong demand for this medicine based on the clinical conviction physicians have for KRYSTEXXA was the driving force behind its growth to $259 million in net sales for the year more than four times the annual sales when we acquired it three years ago. We are confident in the long-term potential of KRYSTEXXA, the only approved medicine for uncontrolled gout, and continue to project peak U.S. net sales of more than $750 million.

At Horizon, we do things differently. Our commercial execution in transforming KRYSTEXXA from an underperforming, underutilized medicine is a great example. So is our evolution to the rare disease biopharma company we are today. Instead of the typical biopharma model, starting out with a pipeline and raising capital to finance development opportunities, we started by developing a successful business, using our business development capabilities and strong commercial execution to build our foundation. Using the resulting cash flows and growth, we built our rare disease medicine portfolio. *Then* we moved to where we are today investing in a pipeline of robust and differentiated medicines to drive sustainable growth over the longer-term and to make even more of a difference to patients in need of innovative therapies for disease areas many others won t address.

We are making a great deal of progress with our pipeline particularly with teprotumumab, our late-stage fully human monoclonal antibody (mAb) insulin-like growth factor 1-receptor (IFG-1R), and a candidate for the treatment of active thyroid eye disease (TED), a rare eye disease with no approved treatment. In 2018, we completed enrollment in teprotumumab s Phase 3 confirmatory trial ahead of schedule. We also presented 48-week off-treatment data from its breakthrough Phase 2 trial that demonstrated durability of response. More recently, we were pleased to announce that the Phase 3 trial met its primary endpoint, demonstrating a dramatic, highly significant 82.9 percent response rate in the reduction in proptosis or bulging of the eye in patients treated with teprotumumab compared to 9.5 percent for placebo patients ($p<0.001$), paving the way for the potential approval of this medicine by the U.S. Food and Drug Administration (FDA). We are very excited about teprotumumab s prospects for the many patients suffering the painful, debilitating effects of TED, and for you, our shareholders, as we believe that if approved, it could achieve U.S. peak net sales of greater than $750 million.

New to our pipeline in 2018 was our MIRROR trial, a clinical program designed to evaluate the effectiveness of combining KRYSTEXXA with the immunomodulator methotrexate, which, if successful, could increase the number of patients who benefit from KRYSTEXXA. We also advanced our two next-generation programs for uncontrolled gout, designed to sustain our leadership position well into the future. More recently, we added a new program to discover novel therapies for the treatment of gout.

To support our expanding pipeline, we considerably enhanced our research and development (R&D) organization in 2018. Shao-Lee Lin, M.D., Ph.D., joined Horizon early in 2018 to accelerate the development of our R&D portfolio, bringing an impressive record of developing new medicines. She soon transformed the leadership team, adding scientific expertise to enhance our R&D capabilities and business development process.

In addition to building our pipeline, we are aligning our capital structure to be closer to that of R&D-focused rare disease biopharma companies, which generally have lower debt levels. We recently announced plans to pay down approximately $550 million of our outstanding debt, which was $2.0 billion at December 31, 2018, using available cash and proceeds from our

[1] In 2018, GAAP net loss and non-GAAP net income were $74 million and $315 million, respectively. Non-GAAP net income and adjusted earnings before interest, taxes, depreciation and amortization and other amounts (adjusted EBITDA) are non-GAAP measures. These measures are used and provided by us as non-GAAP financial measures so that our investors have a more complete understanding of our financial performance. In addition, these non-GAAP financial measures are among the indicators our management uses for planning and forecasting purposes and measuring our performance. Please refer to the discussion of non-GAAP financial measures and the reconciliations thereof to GAAP measures beginning on page 104 of our Annual Report on Form 10-K for the year ended December 31, 2018, which discussion and reconciliations are incorporated herein by reference.

[2] Uncontrolled gout is chronic gout that is refractory (unresponsive) to conventional gout therapies.

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recent $345 million underwritten public offering. This initiative will lower our outstanding debt and leverage ratio, and at the same time allow us the flexibility to take advantage of business development opportunities. We subsequently paid down $300 million of the debt. Our current outstanding debt is now $1.7 billion, and we are on track to pay down the remaining $250 million of our $550 million target.

Transformation describes our journey over the last several years. Horizon today is much different than it was when we started out as a public company in 2011. Today, we are a biopharma company focused primarily on rare diseases. Our disciplined business development strategy, along with our strong commercial execution, has driven rapid, transformational growth and delivered a five-year total shareholder return of 156 percent, significantly ahead of our peer group[3] and the NBI. And importantly for the future, we are building a robust pipeline of innovative medicines. That is why the Board is recommending changing the name of the Company to **Horizon Therapeutics plc**, to better reflect who we are today and our vision for the future. We are transforming health by building healthier communities, urgently and responsibly. As a company, we are going to incredible lengths to impact incredible lives.

One way we do this is ensuring that patients have access to our medicines, regardless of their ability to pay. In 2018, we provided nearly $2.0 billion in patient assistance. But our dedication goes well beyond our medicines. We help our patients and their caregivers better manage and live with their disease, and we help their treating physicians as well, through the services we offer, our awareness campaigns and disease advocacy efforts a holistic approach.

It s personal for us. We are a company of dedicated, engaged people making a difference every day whether in the results we achieve, the commitments we make or the recognition we receive. In 2018, *PEOPLE Magazine* cited us as one of its 50 Companies That Care, and *Fortune Magazine* named us the Number One Best Workplace in BioPharma in addition to several other workplace awards. We joined Pledge 1%, a corporate philanthropy movement that empowers companies to donate 1% of product, 1% of equity, 1% of profit or 1% of employee time to improve communities around the world and we are among the first biopharma companies to make this commitment.

We also received recognition for the value we place on diversity, with *Crain s Chicago Business* recognizing us as one of the Best Places for Women to Work in Chicago. We firmly believe that people from different backgrounds and life experiences greatly contributes to our success and the contributions we make to the patients and diverse communities we serve. I am proud to be a signatory of the CEOAction for Diversity and Inclusion pledge, a CEO-driven business commitment to advance diversity and inclusion within the workplace. And our Board recognizes the importance and value of diversity as well, formally instituting its policy on diversity to publicly affirm the Board s belief that maintaining a diverse membership enhances its deliberations and enables the Board to better represent all of our constituents.

In sum, we made significant progress in 2018 on multiple fronts. We are building on that momentum in 2019, continuing to deliver on our core principles strong commercial execution, a disciplined business development strategy, clinical development of innovative medicines and expanding patient access all aimed at making a difference and creating value for our patients, for our employees and for you, our shareholders.

You are cordially invited to attend the Annual General Meeting of Shareholders on Thursday, May 2, 2019, at 3:00 p.m. local time at our corporate headquarters located at Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland.

It is important that your shares be represented and voted, whether or not you plan to attend the Annual General Meeting. Please take a moment now to vote your shares by internet, by toll-free telephone call or by signing, dating and returning the enclosed proxy card.

Thank you for your continued support.

Sincerely,
Timothy P. Walbert
Chairman, President and Chief Executive Officer

[3] The peer group used for total shareholder return (TSR) calculations for the five-year period ended December 31, 2018 is our peer group shown on page 44.

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Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Shareholders to Be Held on Thursday, May 2, 2019, at 3:00 p.m. Local Time at Our Corporate Headquarters Located at Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland.

Dear Shareholder:

We will be holding the Annual General Meeting of Shareholders of Horizon Pharma plc on Thursday, May 2, 2019, at 3:00 p.m. local time at our corporate headquarters located at Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland for the following purposes:

1. **Proposal 1:** To elect, by separate resolutions, the two nominees for Class II directors named herein to hold office until the 2022 Annual General Meeting of Shareholders.

2. **Proposal 2:** To approve the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019, and to authorize the Audit Committee of our Board of Directors (Board) to determine the auditors remuneration.

3. **Proposal 3:** To approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this Proxy Statement.

4. **Proposal 4:** To authorize us and/or any of our subsidiaries to make market purchases or overseas market purchases of our ordinary shares.

5. **Proposal 5:** To approve an authorized share capital increase from 40,000 and $30,000 to 40,000 and $60,000 by the creation of an additional 300,000,000 ordinary shares of nominal value $0.0001 per share.

6. **Proposal 6:** To renew the Board s existing authority to allot and issue ordinary shares for cash and non-cash consideration under Irish law.

7. **Proposal 7:** To renew the Board s existing authority to allot and issue ordinary shares for cash without first offering those ordinary shares to existing shareholders pursuant to the statutory pre-emption right that would otherwise apply under Irish law.

8. **Proposal 8:** To approve a motion to adjourn the Annual General Meeting, or any adjournments thereof, to another time and place to solicit additional proxies if there are insufficient votes at the time of the Annual General Meeting to approve Proposal 7.

9. **Proposal 9:** To approve a change of name of our Company to Horizon Therapeutics Public Limited Company.

10. **Proposal 10:** To approve our Amended and Restated 2014 Equity Incentive Plan.

11. **Proposal 11:** To approve our Amended and Restated 2014 Non-Employee Equity Plan.

12. To conduct any other business properly brought before the meeting.

The Board recommends that you vote FOR each of the nominees for director named herein and FOR Proposals 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.

Our Irish statutory financial statements for the fiscal year ended December 31, 2018, including the reports of the directors and statutory auditors thereon, will be presented at the Annual General Meeting. There is no requirement under Irish law that such statements be approved by the shareholders and no such approval will be sought at the Annual General Meeting.

For the purposes of our Articles of Association, Proposals 1 and 2 and the receipt and consideration of the Irish statutory financial statements by us at the Annual General Meeting are deemed to be ordinary business and Proposals 3, 4, 5, 6, 7, 8, 9, 10 and 11 are deemed to be special business. The Annual General Meeting will also include a review of the Company s affairs. Shareholders of record as of March 13, 2019, the record date for the Annual General Meeting, are entitled to notice of the Annual General Meeting and to vote at the Annual General Meeting or any adjournment or postponement thereof.

We ask that you review the Proxy Statement carefully and complete, sign, date and return the enclosed proxy card in the envelope provided or vote over the internet or by telephone as instructed in these materials, as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) has been provided for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a proxy issued in your name from that record holder.

The Proxy Statement and Annual Report to shareholders are available at *www.proxyvote.com.*

By Order of the Board of Directors

Anne-Marie Dempsey

Company Secretary

Dublin 4, Ireland

April 8, 2019

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PROXY STATEMENT SUMMARY

This summary highlights certain information contained elsewhere in this Proxy Statement and does not contain all of the information that you should consider. You should read the entire Proxy Statement carefully before voting. For more complete information regarding our business and 2018 performance, please review our Annual Report on Form 10-K for the year ended December 31, 2018 and our subsequent filings with the Securities and Exchange Commission (SEC).

Voting Items and Board Recommendations

	Proposal	Page Number	Board Recommendations
1	Election of Directors	18	FOR All Nominees
2	Approval of the Appointment of Independent Registered Public Accounting Firm and Authorization of the Audit Committee to Determine the Auditors Remuneration	71	FOR
3	Approval, on an Advisory Basis, of Executive Compensation	73	FOR
4	Authorization to Make Market Purchases or Overseas Market Purchases of Our Ordinary Shares	74	FOR
5	Approval of an Authorized Share Capital Increase from 40,000 and $30,000 to 40,000 and $60,000 by the Creation of an Additional 300,000,000 Ordinary Shares of Nominal Value $0.0001 Per Share	75	FOR
6	Renewal of the Board s Existing Authority to Allot and Issue	81	FOR

	Ordinary Shares for Cash and Non-cash Consideration under Irish Law		
7	Renewal of the Board s Existing Authority to Allot and Issue Ordinary Shares for Cash Without First Offering Those Ordinary Shares to Existing Shareholders Pursuant to the Statutory Pre-emption Right that Would Otherwise Apply under Irish Law	82	FOR
8	Approval of a Motion to Adjourn the Annual General Meeting, or Any Adjournments thereof, to Another Time and Place to Solicit Additional Proxies if There are Insufficient Votes at the Time of the Annual General Meeting to Approve Proposal 7	83	FOR
9	Approval of a Change of Name of Our Company to Horizon Therapeutics Public Limited Company	84	FOR
10	Approval of Our Amended and Restated 2014 Equity Incentive Plan	85	FOR
11	Approval of Our Amended and Restated 2014 Non-Employee Equity Plan	98	FOR

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2018 at a Glance

A Year of Strong Performance Generating Record Net Sales and Strong Shareholder Return

Except for 5-year total shareholder return, growth percentages represent comparison to full-year 2017.

(1) Adjusted EBITDA is a non-GAAP measure. Please refer to the discussion of non-GAAP financial measures and the reconciliations to GAAP measures beginning on page 104 of our Annual Report on Form 10-K for the year ended December 31, 2018, which discussion and reconciliations are incorporated herein by reference.

A Year of Significant Progress

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Business Overview

We made significant progress in 2018 on our strategy to build a robust and differentiated pipeline and maximize the growth of KRYSTEXXA, our biologic medicine for uncontrolled gout, and our flagship medicine. As a result, we generated record full-year net sales of $1.2 billion, an increase of 14 percent over 2017, and one-year total shareholder return of 34 percent in a year when the Nasdaq Biotechnology Index (NBI) declined 9 percent. In addition to advancing our existing pipeline programs, we added several new programs designed to enhance our leadership position in uncontrolled gout. We also transformed our research and development (R&D) organization, augmenting its scientific expertise with a new leadership team. We accelerated the growth of KRYSTEXXA by investing in its commercial infrastructure doubling its commercial team and our addressable patient population.

Our Strategy

We are constantly driving toward our aspiration, which is to be a leading rare disease biopharma company that delivers innovative therapies to patients and generates high returns for our shareholders. We have made a great deal of progress in that regard and are building on the resulting momentum.

We have taken a different approach, however, from typical biopharma companies. Instead of starting out with a pipeline only, raising capital to finance development opportunities, we first developed a successful commercial business, generating cash flows and significant growth. We then deployed our cash flows and access to capital to the development of leading-edge therapeutic products for rare diseases.

Our Evolution to a Rare Disease Biopharma Company: A Different Approach

Horizon today has a growing pipeline of development programs, 11 on-market medicines and total net sales of $1.2 billion a significant transformation from our beginnings as a public company in 2011, when we had two medicines and total net sales of $7 million. Today, our medicines for rare and rheumatic diseases make up nearly 70 percent of our total net sales.

Our strategy is to build a robust and differentiated pipeline and to maximize growth of KRYSTEXXA, our on-market medicine for uncontrolled gout.

We are also aligning our capital structure to be closer to that of R&D-focused rare disease biopharma companies, which generally have lower debt levels. We recently announced plans to pay down approximately $550 million of our outstanding debt, which was $2.0 billion at December 31, 2018, using available cash and proceeds from our recent $345 million underwritten public offering. This initiative will lower our outstanding debt and leverage ratio, and at the same time allow us the flexibility to take advantage of business development opportunities. We subsequently paid down $300 million of the debt. Our current outstanding debt is now $1.7 billion, and we are on track to pay down the remaining $250 million of our $550 million target. This initiative exemplifies our disciplined approach to debt and efficient use of capital, which together with our strong cash balance enable continued investment in our pipeline and KRYSTEXXA.

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Our Future: Our Expanding Pipeline

Expanding our pipeline to drive long-term sustainable growth is a strategic priority.

Our lead pipeline candidate, **teprotumumab**, which we acquired in 2017, is a fully human monoclonal antibody insulin-like growth factor 1-receptor (IGF-1R) for the treatment of active thyroid eye disease (TED). TED is a rare, autoimmune inflammatory eye disease in which local inflammation and tissue expansion behind the eye can lead to proptosis (eye bulging). Proptosis can result in double vision, misalignment of the eyes, and an inability to close the eyelids, making the tasks of daily life challenging. Currently, there are no U.S. Food and Drug Administration (FDA) approved treatments available for TED. Following the presentation of breakthrough Phase 2 results in 2017, in February 2019 we announced the Phase 3 trial topline data, which demonstrated a highly statistically significant reduction in proptosis, with 82.9 percent of teprotumumab patients meeting the primary endpoint versus 9.5 percent of placebo patients. We continue to expect to submit a biologics license application to the FDA in mid-2019. We are also conducting an extension study, known as OPTIC-X, which will help inform us if patients would benefit from longer treatment or retreatment with teprotumumab.

In **uncontrolled gout**, our R&D strategy is to maximize the benefits of **KRYSTEXXA,** as well as to enhance and sustain our leadership position through the development of new medicines. For KRYSTEXXA, which is the only approved treatment for uncontrolled gout, we are investigating ways to improve the patient response rate so that it can benefit more patients. (Uncontrolled gout is chronic gout that is refractory to conventional therapies.) Our MIRROR trial is evaluating the combination of KRYSTEXXA and methotrexate, which is the immunomodulator most commonly used by rheumatologists, with the goal to increase the number of patients that can benefit from KRYSTEXXA. Based on recent positive external case series data, we are adapting the trial to support the potential for registration, with enrollment expected to begin in the second quarter of 2019. We will also be initiating a clinical trial in the second half of 2019 to study the effect of KRYSTEXXA on serum uric acid levels in kidney transplant patients with uncontrolled gout. In addition, we are working on three preclinical programs designed to build on and sustain our leadership position in uncontrolled gout well into the future: two next-generation biologics for uncontrolled gout and the other a long-term collaboration to discover and develop novel therapeutics for gout.

In support of our expanding pipeline and the value-maximization of our on-market medicines, in 2018, we considerably augmented the scientific expertise and acumen of our **R&D organization**. Shao-Lee Lin, M.D., Ph.D., joined Horizon in January 2018 in the new role of chief scientific officer and head of R&D. Dr. Lin is an immunologist, rheumatologist and allergist with more than 20 years of academic and industry experience. She has established a new leadership team that oversees our R&D programs, partners with business development on pipeline opportunities and manages the therapeutic area development strategies and portfolios.

Our Pipeline

(1) Being developed under a collaboration agreement.

MIRROR: **M**ethotrexate to **I**ncrease **R**esponse **R**ates in Patients with Uncontrolled G**O**ut **R**eceiving KRYSTEXXA.

OPTIC: Treatment of Graves **O**rbitopathy (Thyroid Eye Disease) to Reduce **P**roptosis with **T**eprotumumab **I**nfusions in a Randomized,

Placebo-Controlled, **C**linical Study.

Teprotumumab is an investigational candidate, and its safety and efficacy have not been established.

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Driving Growth Today and Tomorrow: Our Orphan and Rheumatology Segment

We have two segments: orphan and rheumatology, and primary care. The orphan and rheumatology segment is the strategic driver of our growth today. Its compound annual growth rate from 2014 to 2018 of 101 percent underscores the value of our focus on rare disease medicines.

The orphan and rheumatology segment includes KRYSTEXXA, our flagship on-market medicine. In addition, if approved, teprotumumab, our late-stage development biologic candidate, will be part of this segment s portfolio. The segment also includes a durable base of rare disease medicines: RAVICTI®, for the treatment of urea cycle disorders; PROCYSBI®, for the treatment of nephropathic cystinosis and ACTIMMUNE®, for the treatment of chronic granulomatous disease.

We believe the orphan and rheumatology segment offers tremendous potential for future growth. KRYSTEXXA and teprotumumab, if approved, both offer significant growth potential, and we estimate peak annual net sales of more than $750 million for each.

Our Orphan and Rheumatology Segment:

Driving Growth Now and In the Future

(1) Horizon peak sales estimate for U.S. net sales only.
Teprotumumab is an investigational candidate and its safety and efficacy have not been established.

CAGR: compound annual growth rate.

The Foundation of Our Success: Strong Business Development and Commercial Execution

The foundation of our success since we launched as a public company in 2011 lies in our strong business development capabilities and commercial execution.

Business development is an integral factor in our success both since launch and going forward and was a key component of our transformation into a biopharma company focused on rare disease medicines. In 2014, we began rapidly diversifying our portfolio with rare disease medicines through key transactions that brought us ACTIMMUNE, RAVICTI, KRYSTEXXA and PROCYSBI over the next three years. In 2017, we made our first acquisition of a development-stage candidate medicine teprotumumab beginning the expansion of our pipeline, which is a current strategic priority.

Being able to quickly take advantage of strategic opportunities is one of our business development strengths, and it has served us well with the many acquisitions we have completed that have performed above and beyond our expectations. Given the importance of acquisitions to our strategy, it is important that we retain the flexibility to efficiently raise capital going forward, particularly since many acquisitions are highly competitive.

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We Have Transformed to Become a Biopharma Company Focused on Rare Disease Medicines

Through Our Business Development Capabilities

Rare Disease Medicine Acquisitions 2014-2019

Commercial execution Acquiring assets is not a guarantee of success. We, however, have a strong record of successfully commercializing our medicines and improving the performance of the medicines we acquire. We attribute our successful results to the deep expertise and knowledge of our commercial teams, coupled with the holistic approach we employ supporting our patient and physician communities. **KRYSTEXXA** is a prime example of the value of our approach: it was an underperforming asset when we acquired it in 2016. In only two years we transformed it into the flagship growth driver it is for us today more than quadrupling its net sales to $259 million in 2018. Our commercial team understands the market for KRYSTEXXA, and we invested in 2018 to accelerate the potential we see for the medicine more than $750 million in peak annual net sales.

Our Purpose: To Help Build Healthier Communities, Urgently and Responsibly

At Horizon, we are making the world a better place one patient, one medicine, one community at a time. That s why we go to incredible lengths to impact incredible lives to make health a priority, not a privilege. That s what drives our insistence that patients have access to our medicines, regardless of their ability to pay, supporting patients in 2018 with nearly $2.0 billion in assistance, representing 46 percent of our full-year gross sales. We are transforming health by building healthier communities both urgently and responsibly. As a company we are going to incredible lengths to impact incredible lives. It s in our DNA who we are as a company and who we are as individuals. For us, it s personal we want to make a difference. Our social responsibility programs, patient advocacy support and awareness, dedication to individual employee volunteerism all reflect our ideals, a commitment to our patients and the communities we serve.

Our dedication and commitment are evident in the recognition we receive. We were honored in 2018 to be spotlighted by *PEOPLE Magazine* as one of the **50 Companies That Care** companies that succeed in business while also demonstrating respect, compassion and concern for their communities, employees and the environment. This distinction is a realization of what we strive for to be a positive force for good amid a constantly changing health care system. We also became a member of **Pledge 1%,** a corporate philanthropy movement that empowers companies to donate 1% of product, 1% of equity, 1% of profit or 1% of employee time to improve communities around the world. We are one of the first biopharma companies to join the initiative, which includes 6,000-plus organizations across 100 countries.

Horizon is a great place to work and our employees tell us so. We continue to place in multiple third-party workplace recognition surveys, including being named by *FORTUNE Magazine* as the **Number One Best Workplace in BioPharma**. We are also proud to have been named by *Crain s Chicago Business* as one of the **Best Places to Work for Women in Chicago** in 2018. The percentage of women of our total employee population is above the industry standard for all levels in the Company, including upper management levels, reflecting the value we place on diversity. But diversity encompasses more than gender: we believe that people from different backgrounds and life experiences fuel innovation, which helps provide life-changing solutions for our patients fostering healthier communities and

making the world a better place.

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Consistently Recognized as One of the Best Places to Work

And as a Company That Cares

Total Shareholder Return

Our disciplined approach, with our clear strategy, business development acumen and strong commercial execution, has driven rapid transformational growth. As a result, we have outperformed both our peer group and the NBI over the one-, three- and five-year periods ended December 31, 2018. With our durable base of rare disease medicines, our high-growth KRYSTEXXA medicine and the pipeline we are building for future growth, including our late-stage development candidate teprotumumab, we believe Horizon is well positioned for sustainable long-term growth.

Note: The peer group used for the TSR calculations for the 1-, 3- and 5-year periods ended December 31, 2018 is our peer group shown on page 44.

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Director Nominees and Continuing Directors

Name	Age	Director Since	Principal Position	Independent	Other Current Public Boards
2019 Director Nominees[1]					
Michael Grey	66	2011	Chairman and Chief Executive Officer, Mirum Pharmaceuticals, Inc.	Yes	2
Jeff Himawan, Ph.D.	53	2007	Managing Director, Essex Woodlands Health Ventures, L.P.	Yes	2
Continuing Directors					
Timothy P. Walbert	51	2008	Chairman, President and Chief Executive Officer, Horizon Pharma plc	No	1
Gino Santini	62	2012	Chairman, AMAG Pharmaceuticals, Inc.	Yes	4
James Shannon, M.D.	62	2017	Director, MannKind Corporation	Yes	2
William F. Daniel	67	2014	Director, Malin Corporation plc	Yes	1
H. Thomas Watkins	66	2014	Chairman, Vanda Pharmaceuticals Inc.	Yes	1
Pascale Witz	52	2017	President, PWH Advisors	Yes	3

(1) There are three directors whose term of office expires in 2019, one of whom, Ronald Pauli, will not be subject to re-election at the 2019 Annual General Meeting.

Board Highlights

The Nominating and Corporate Governance Committee of our Board examines multiple factors when evaluating directors, including their knowledge, skills and experience, including experience in our industry and with respect to clinical development, business, finance, management and public service. The Committee believes in an expansive definition of diversity that includes differences of experience, education, talents, gender and race, among other things. The table below highlights the extensive experience of our directors as well as a balance of skills on our Board:

		No. of Warrants	
WARRANTS (0.1%)			
Construction & Engineering (0.1%)			
IJM Corp. Bhd			
expiring 8/20/10 (Cost $2)	(a)	148,600	55

		Face Amount (000)		
CORPORATE BOND (0.0%)				
Media (0.0%)				
Media Prima Bhd				
2.00%, 7/18/08 (Cost $26)	(a)	MYR	100	25
SHORT-TERM INVESTMENT (1.9%)				
Repurchase Agreement (1.9%)				
J.P. Morgan Securities, Inc., 5.25%, dated 9/29/06, due 10/2/06 repurchase price $1,133 (Cost $1,133)	(b)	$	1,133	1,133
TOTAL INVESTMENTS + (99.6%) (Cost $47,937)				60,179
OTHER ASSETS IN EXCESS OF LIABILITIES (0.4%)				216
NET ASSETS (100%)				$ 60,395

(a) Non-income producing security.

(b) Represents the Fund s undivided interest in a joint repurchase agreement which has a total value of $1,401,259,000. The repurchase agreement was fully collateralized by U.S. government agency securities at the date of this Portfolio of Investments as follows: Federal Farm Credit Bank, 0.00% to 7.43%, due 10/2/06 to 10/23/35; Federal Home Loan Bank, 0.00% to 7.38%, due 10/2/06 to 7/15/36; Federal Home Loan Mortgage Corporation, 0.00% to 6.94%, due 10/10/06 to 9/7/21; Federal National Mortgage Association, 0.00% to 10.35%, due 10/05/06 to 3/11/19; Tennessee Valley Authority, 5.38% to 7.13%, due 11/13/08 to 4/1/36 which had a total value of $1,429,288,878. The investment in the repurchase agreement is through participation in a joint account with affiliated parties pursuant to exemptive relief received by the Fund from the SEC.

MYR Malaysian Ringgit

+ At September 30, 2006, the U.S. Federal income tax cost basis of investments was approximately $47,937,000 and, accordingly, net unrealized appreciation for U.S. Federal income tax purposes was $12,242,000 of which $17,135,000 related to appreciated securities and $4,893,000 related to depreciated securities.

Item 2. Controls and Procedures.

(a) The Fund s principal executive officer and principal financial officer have concluded that the Fund s disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Fund in this Form N-Q was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, based upon such officers evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the Fund s internal control over financial reporting that occurred during the registrant s fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Fund s internal control over financial reporting.

Item 3. Exhibits.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) The Malaysia Fund, Inc.
By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: November 21, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ronald E. Robison
Name: Ronald E. Robison
Title: Principal Executive Officer
Date: November 21, 2006

By: /s/ James Garrett
Name: James Garrett
Title: Principal Financial Officer
Date: November 21, 2006