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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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:

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Our Board, which is predominantly independent, includes a range of expertise, experience, diversity, as well as newer and longer-tenured directors. The Board values diversity, believing that maintaining a diverse membership enhances the Board s deliberations and enables the Board to better represent all of the Company s constituents. In this respect, the goal of the Nominating and Corporate Governance Committee is to ensure that the Board has diversity of experience and perspectives, as well as race, gender, geography and areas of expertise as is set forth in the **Diversity Policy** the Board instituted in 2018, which is available on our website at *www.horizonpharma.com*.

Corporate Governance Highlights

Independent Oversight	Continuous Improvement
Eight out of nine of our directors are independent	Annual Board and committee self-evaluations
All Board committees are comprised solely of independent directors	Risk oversight by the Board and committees
Lead independent director with clearly delineated duties	Ongoing shareholder engagement efforts
Diverse Board in terms of experience, education and talents supported by the Board s Diversity Policy	

Strong Governance Practices	Shareholder Rights
Regular executive sessions of independent directors	Majority voting for elections of directors

Independent compensation consultant reporting directly to the Compensation Committee

Board and committees may engage outside advisors independently of management

Share ownership guidelines for directors and executive officers

Annual advisory shareholder vote on executive compensation

Incentive compensation recoupment clawback policy

One-year holding period post-issuance on all post-2017 equity grants for executive officers

Shareholder ability to call extraordinary general meeting

Directors may be removed by ordinary resolution with majority vote of the shareholders

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Executive Compensation Overview

Our executive compensation program emphasizes three major pay considerations, and this is how we currently achieve them:

Pay Considerations		
Long-Term Performance	**Executive and Shareholder Alignment**	**Risk Mitigation**

What We Do	What We Don t Do
Align executive compensation with corporate and individual performance	No guaranteed bonuses or salary increases
Maintain strong share ownership guidelines for our directors and executives	No repricing of stock options without shareholder approval
Maintain appropriate balance between short- and long-term compensation, which discourages short-term risk-taking at the expense of long-term results	No dividends or dividend equivalents paid on unearned shares
	No NEO excise tax gross-ups

Engage an independent advisor reporting directly to the Compensation Committee

Apply anti-pledging and anti-hedging policy for our shares

Cap annual and long-term incentive payouts

Conduct compensation risk assessments

Require a one-year post-issuance holding period on all post-2017 equity grants for executive officers

Apply an incentive compensation recoupment clawback policy

With a strategic focus on growing the business over the long term, it is imperative that our executive compensation program motivates our talented management team in such a manner as to encourage and reward successful execution of this business strategy. We utilize the following compensation elements to achieve this:

Element	Form	Corporate Performance Period	Objective
Base Salary	Cash (fixed)	N/A	Recognition of an individual s role and responsibilities; provide competitive pay for retention purposes
Short-Term Incentive	Cash (variable)	Annual	Variable pay designed to reward achievement of annual financial and corporate objectives and

			individual goals
Long-Term Incentives	PSU Awards (variable)	Multi-year or Annual	Promote an ownership culture and aligns the interests of executives with those of shareholders; provide meaningful incentives for management to execute on longer-term financial and strategic growth goals that drive shareholder value creation; and support our retention strategy
	RSU Awards (variable)	N/A	
	Cash Incentive Program (CIP) (variable)	Annual	

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Shareholder Engagement

We value the views of our shareholders. During the governance outreach we have conducted over the past five years, we have had significant and meaningful dialogue with our shareholders regarding our compensation and governance. Feedback from our outreach informs the Compensation Committee s thinking when evaluating our current compensation program and considering potential modifications going forward.

Changes to our compensation program and corporate governance over the past several years that were heavily influenced by shareholder feedback include:

Incentive compensation recoupment policy. This policy enables us to recover performance-based cash and equity compensation, if it is determined not to have been earned by our executive officers, in the event of restatement of financial results.

Annual long-term incentive grants. Our philosophy on granting equity has changed as a result of feedback. In January 2018, we shifted from front-loaded awards covering a multi-year period to regular, annual grants of long-term incentives.

Balance between short-term and long-term performance metrics. Shareholder feedback informed our decision to combine both a short-term business performance metric and long-term relative TSR metric for the performance share unit (PSU) awards granted as part of our annual long-term incentive plan. We have continued to use performance-based equity compensation in our regular long-term incentive program, influenced by feedback from our on-going engagement with shareholders regarding executive compensation.

Board diversity. Diversity is an important principle for us at Horizon as it is for many of our investors. During 2018, the Board formally instituted a policy on board diversity. Given that our business and operations are diverse and global in nature, our Nominating and Corporate Governance Committee takes into account a broad range of diversity considerations when assessing potential candidates, including diversity of experience and perspectives as well as gender, race, geography and areas of expertise. The addition to the Board in 2017 of Pascale Witz, with her extensive global healthcare management experience, and James Shannon, M.D., with his significant clinical development and management experience, are examples of how we have further diversified our Board.

In 2018, during our spring engagement cycle before the Annual General Meeting, we offered engagement opportunities to 67 percent of our shareholders, and dialogued with 32 percent of our shareholders. At our 2018 Annual General Meeting of Shareholders, our say-on-pay proposal received the support of 95 percent of the shares voted. We believe this high level of support is a result of our comprehensive shareholder outreach and engagement program to solicit feedback, understand investor viewpoints and incorporate their feedback into further discussions of our compensation programs and corporate governance.

In addition, our shareholder engagement provides a forum for educating shareholders on key issues of importance to the Company. For example, during our 2018 fall engagement cycle, we had discussions with 31 percent of our shareholders on the share-issuance authority we are required to receive from our investors as part of being an Irish plc,

as well other governance- and compensation-related topics. Given that not all of our holders were familiar with the share-issuance authority requirements, we wanted to provide them with the opportunity to learn about the requirements and understand the nuances of our situation as an Irish plc listed on The Nasdaq Stock Market LLC (Nasdaq), a U.S. stock exchange. Our shareholders appreciated the outreach, and the feedback from this engagement was very positive.

We value the dialogue we have with our shareholders and remain committed to conducting consistent engagement going forward.

Please see our Compensation Discussion and Analysis on page 32 for additional information on our compensation philosophy.

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QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why am I receiving these materials?

We have sent you these proxy materials because our Board is soliciting your proxy to vote at the Annual General Meeting, including at any adjournments or postponements of the meeting. You are invited to attend the Annual General Meeting to vote on the proposals described in this Proxy Statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or through the internet.

How do I attend the Annual General Meeting?

The meeting will 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. Directions to the Annual General Meeting may be found at *https://www.google.com/maps/place/Connaught+House,+Burlington+Rd,+Dublin+4,+Ireland*. Information on how to vote in person at the Annual General Meeting is provided below. However, you do not need to attend the Annual General Meeting to vote your ordinary shares.

Who can vote at the Annual General Meeting?

Only shareholders of record at the close of business on March 13, 2019 will be entitled to vote at the Annual General Meeting. On this record date, there were 184,433,612 of our ordinary shares outstanding and entitled to vote.

Shareholder of Record (shares registered in your name). If on March 13, 2019, your shares were registered in your name in our Register of Members, which is maintained by our transfer agent, Computershare Shareowner Services LLC, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the internet as instructed below to ensure your vote is counted.

Beneficial Owner (shares registered in the name of a broker or bank). If on March 13, 2019, your shares were not registered in your name in our Register of Members, but rather held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the Annual General Meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual General Meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are 11 matters scheduled for a vote:

- Election of two Class II directors named in this Proxy Statement to hold office until the 2022 Annual General Meeting of Shareholders (Proposal 1);

Approval of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2019 and the authorization of the Audit Committee of our Board to determine the auditors remuneration (Proposal 2);

Advisory approval of the compensation of our named executive officers, as disclosed in this Proxy Statement (Proposal 3);

Authorization for us and/or any of our subsidiaries to make market purchases or overseas market purchases of our ordinary shares (Proposal 4);

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 (Proposal 5);

Renewal of the Board s existing authority to allot and issue ordinary shares for cash and non-cash consideration under Irish law (Proposal 6);

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 (Proposal 7);

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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 (Proposal 8);

Approval of a change of name of our Company to Horizon Therapeutics Public Limited Company (Proposal 9);

Approval of our Amended and Restated 2014 Equity Incentive Plan (Proposal 10); and

Approval of our Amended and Restated 2014 Non-Employee Equity Plan (Proposal 11).

What if another matter is properly brought before the meeting?

The Board knows of no other matters that will be presented for consideration at the Annual General Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

You may vote For or Against each Class II director nominee or you may abstain from voting for all or any of the nominees. For each of the other matters to be voted on, you may vote For or Against or abstain from voting.

The procedures for voting are fairly simple:

Shareholder of Record. If you are a shareholder of record, you may vote in person at the Annual General Meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone or vote by proxy through the internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the Annual General Meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the Annual General Meeting, we will vote your shares as you direct.

To vote over the telephone, dial toll-free 1-800-690-6903 within the United States, U.S. territories and Canada using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m., Eastern Time on May 1, 2019, to be counted.

To vote through the internet, go to *www.proxyvote.com* to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern Time on May 1, 2019, to be counted.

Internet proxy voting is being provided to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your internet access, such as usage charges from internet access providers and telephone companies.

Beneficial Owner. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a voting instruction form with these proxy materials from that organization rather than from us. Simply complete and mail the voting instruction form to ensure that your vote is counted. Alternatively, you may vote by telephone or through the internet as instructed by your broker or bank. To vote in person at the Annual General Meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials or contact your broker or bank to request a proxy form.

Joint Holders. In the case of joint holders of record, any one of such holders may vote either in person or by proxy in respect thereof as if he or she were the sole holder thereof, but the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in our Register of Members.

How many votes do I have?

On each matter to be voted upon, you have one vote for each ordinary share you own as of March 13, 2019.

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What happens if I do not vote?

Shareholder of Record. If you are a shareholder of record and do not vote by completing your proxy card, by telephone, through the internet or in person at the Annual General Meeting, your shares will not be voted.

Beneficial Owner. If you are a beneficial owner and do not instruct your broker, bank, or other agent how to vote your shares, the question of whether your broker or nominee will still be able to vote your shares depends on whether the New York Stock Exchange (NYSE) deems the particular proposal to be a routine matter. Brokers and nominees can use their discretion to vote uninstructed shares with respect to matters that are considered to be routine, but not with respect to non-routine matters. Under the rules and interpretations of the NYSE, non-routine matters are matters that may substantially affect the rights or privileges of shareholders, such as mergers, shareholder proposals, elections of directors (even if not contested), executive compensation (including any advisory shareholder votes on executive compensation) and certain corporate governance proposals, even if management-supported. We have been advised by the NYSE that your broker or nominee may not vote your shares on Proposals 1, 3, 10 or 11 without your instructions, but may vote your shares on Proposals 2, 4, 5, 6, 7, 8 and 9.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, then our designated proxy holders (one of the individuals named on your proxy card) will vote your shares in the manner recommended by our Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting. If any other matter is properly presented at the meeting, your proxy holder will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We have retained Alliance Advisors, a proxy solicitation firm, to solicit proxies in connection with the Annual General Meeting at a cost of approximately $35,000 plus expenses. The cost of soliciting proxies incurred by us and Alliance Advisors, including the preparation, assembly and mailing of the proxies and soliciting material, as well as the cost of forwarding such material to beneficial owners of our ordinary shares, will be borne by us. Our directors, officers and other employees may, without compensation other than their regular remuneration, solicit proxies personally or by telephone.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the proxy cards in each set of proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Shareholder of Record. Yes, you may revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date.

You may grant a subsequent proxy by telephone or through the internet.

You may send a timely written notice that you are revoking your proxy to our Company Secretary at Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland.

You may attend the Annual General Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or internet proxy is the one that is counted.

Beneficial Owner. If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

Do I need a ticket to attend the Annual General Meeting?

You will need an admission ticket or proof of ownership of ordinary shares to enter the Annual General Meeting. If you are a shareholder of record, your admission ticket is the top half of the proxy card sent to you. If you plan to attend the Annual General Meeting, please so indicate when you vote and bring the ticket with you to the Annual General Meeting. If your shares are held in the name of a bank, broker or other holder of record, you do not need an admission ticket, but you will need proof of ownership to be admitted to the Annual General Meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you arrive at the Annual General Meeting without an admission ticket or proof of ownership of ordinary shares, we will admit you only if we are able to verify that you are one of our shareholders.

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How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count, with respect to the proposal to elect directors, votes For, Against, abstentions and broker non-votes; and, with respect to other proposals, votes For and Against, abstentions and, as applicable, broker non-votes. Abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Annual General Meeting. Abstentions and broker non-votes will not, however, be considered votes cast at the Annual General Meeting. Because the approval of all of the proposals is based on the votes cast at the Annual General Meeting, abstentions and broker non-votes will not have any effect on the outcome of voting on the proposals.

What are broker non-votes ?

As discussed above, when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed by the NYSE to be non-routine, the broker or nominee cannot vote the shares. These un-voted shares are counted as broker non-votes.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding a majority of the issued and outstanding ordinary shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 184,433,612 ordinary shares outstanding and entitled to vote. Thus, the holders of 92,216,807 ordinary shares must be present in person or represented by proxy at the meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or, provided that you are a shareholder of record, if you vote in person at the meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, within one hour of the time appointed for the Annual General Meeting, the Annual General Meeting will stand adjourned to May 9, 2019, at 3:00 p.m. local time at the same location, or such other time or place as the Board may determine.

Assuming there is a quorum of shares present at the Annual General Meeting, how many votes are needed to approve each proposal?

Proposal	Vote Required
1. Election of Directors	Majority of the votes cast
2. Approval of the Appointment of Independent Registered Public Accounting Firm and Authorization of the Audit Committee to Determine the Auditors Remuneration	Majority of the votes cast
3. Approval, on an Advisory Basis, of Executive Compensation	Majority of the votes cast
4. Authorization to Make Market Purchases or Overseas Market Purchases of our Ordinary Shares	Majority of the votes cast
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	Majority of the votes cast

6.	Renewal of the Board s Existing Authority to Allot and Issue Ordinary Shares for Cash and Non-Cash Consideration under Irish Law	Majority of the votes cast
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	75% of the votes cast
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	Majority of the votes cast
9.	Approval of a Change the Name of our Company to Horizon Therapeutics Public Limited Company	75% of the votes cast
10.	Approval of Amended and Restated 2014 Equity Incentive Plan	Majority of the votes cast
11.	Approval of Amended and Restated 2014 Non-Employee Equity Plan	Majority of the votes cast

Proposal 7 will be redundant in the event Proposal 6 is not approved.

How can I find out the results of the voting at the Annual General Meeting?

Preliminary voting results will be announced at the Annual General Meeting. In addition, final voting results will be published in a current report on Form 8-K that we expect to file within four business days after the Annual General Meeting. If final voting results are not available to us in time to file a Form 8-K within four business days after the meeting, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

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What are the Irish statutory financial statements?

We are presenting our Irish statutory financial statements, including the reports of the directors and the statutory auditors thereon, at the Annual General Meeting, and we are making a copy of them available for download in PDF format in the Investors section (see Annual Reports subsection) of our website (*www.horizonpharma.com*) on or before April 11, 2019. Since we are an Irish company, we are required to prepare Irish statutory financial statements under applicable Irish company law and to deliver those accounts to shareholders of record in connection with our Annual General Meetings of Shareholders. The Irish statutory financial statements cover the results of operations and financial position of Horizon Pharma plc for the year ended December 31, 2018. Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of the group s and parent company s affairs at the end of the financial year and of the group s profit or loss for the financial year. Under that law, the directors have prepared the group s consolidated financial statements in accordance with U.S. accounting standards, as defined in Section 279 of the Irish Companies Act 2014, to the extent that the use of those accounting standards in the preparation of the consolidated financial statements does not contravene any provision of the Irish Companies Act 2014 or of any regulations made thereunder and have prepared the Irish statutory financial statements in accordance with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

We will mail without charge, upon written request, a copy of the Irish statutory financial statements to shareholders of record or beneficial owners of our ordinary shares. Requests should be sent to: Horizon Pharma plc, Attention: Company Secretary, Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland.

What proxy materials are available on the internet?

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

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PROPOSAL 1

ELECTION OF DIRECTORS

The Board is divided into three classes. Each class consists, as nearly as possible, of one-third of the total number of directors and each class has a three-year term. The Board currently consists of nine members, as follows:

Class I: William F. Daniel, H. Thomas Watkins and Pascale Witz, whose terms will expire at our 2021 Annual General Meeting of Shareholders;

Class II: Michael Grey, Jeff Himawan, Ph.D. and Ronald Pauli, whose terms will expire at our 2019 Annual General Meeting of Shareholders; and

Class III: Gino Santini, James Shannon, M.D. and Timothy P. Walbert, whose terms will expire at our 2020 Annual General Meeting of Shareholders.

The authorized number of directors may be changed only by resolution of the Board. Any additional directorships resulting from an increase in the number of directors will be distributed between the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of the Board may have the effect of delaying or preventing changes in our control or management. Our directors may be removed by ordinary resolution with majority vote of our shareholders at a general meeting provided that notice of such resolution has been given in accordance with Section 146 of the Irish Companies Act 2014. Vacancies on the Board may be filled only by persons elected by a majority of the directors then in office, provided that a quorum is present. A director elected by the Board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director s successor is duly elected and qualified.

There are currently three directors in Class II 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. Each of the nominees listed below in Class II is currently one of our directors who was nominated for election by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. In order to be elected as a director, each nominee must receive the affirmative vote of a majority of the votes cast by the holders of ordinary shares represented at the Annual General Meeting in person or by proxy. If elected, each of these nominees would serve until the 2022 Annual General Meeting of Shareholders and until his or her successor has been duly elected and qualified, or, if sooner, until the director s death, resignation, disqualification or removal.

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Michael Grey

Chairman and Chief Executive Officer, Mirum Pharmaceuticals, Inc.

Mr. Grey has served as chairman and chief executive officer of Mirum Pharmaceuticals, Inc., a private biotechnology company, since May 2018, as executive chairman of Amplyx Pharmaceuticals, Inc. (Amplyx), a private pharmaceutical company, since January 2017; Reneo Pharmaceuticals, Inc. (Reneo), a private pharmaceutical company, since December 2017; and Spruce Biosciences, Inc., a private biotechnology company, since April 2017. He has also served as a venture partner at Pappas Ventures since January 2010. Mr. Grey served from October 2015 to January 2017 as the president and chief executive officer of Amplyx, and from September 2014 to December 2017 as chairman and chief executive officer of Reneo. From February 2011 to June 2014, Mr. Grey served as president and chief executive officer of Lumena Pharmaceuticals, Inc., a biotechnology company, which was acquired by Shire plc in June 2014. He has 40 years of experience in the pharmaceutical and biotechnology industries and has held senior positions at a number of companies, including president and chief executive officer of SGX Pharmaceuticals, Inc. (sold to Eli Lilly and Company in 2008), president and chief executive officer of Trega Biosciences, Inc. (sold to LION Bioscience, Inc. in 2001) and president of BioChem Therapeutic Inc. Prior to these, Mr. Grey served in various roles with Glaxo, Inc. and Glaxo Holdings PLC, culminating in his position as vice president, corporate development and director of international licensing. Mr. Grey received a bachelor of science degree in chemistry from the University of Nottingham in the United Kingdom.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Mr. Grey is qualified to serve as a director on the basis of his extensive

Age: 66

Director Since: Sept. 2011

Lead Independent Director Since: Aug. 2012

Board Committees:

Nominating and Corporate Governance

Transaction

Current Public Company Directorships:

BioMarin Pharmaceutical Inc.

biotechnology company

Mirati Therapeutics Inc.

experience managing pharmaceutical and biopharmaceutical companies, which brings important strategic insight to the Board as it plans our future growth.

biotechnology company

Jeff Himawan, Ph.D.

Managing Director, Essex Woodlands Health Ventures, L.P.

Dr. Himawan has been a managing director of Essex Woodlands Health Ventures, a venture capital firm, since 2004. Prior to that, he was an adjunct partner at Essex Woodlands from 1999 to 2001, and he was a venture partner from 2001 to 2004. Dr. Himawan co-founded Seed-One Ventures, an early-stage venture capital firm, where he served as a managing director from 1996 to 2001. Dr. Himawan received a bachelor of science degree in biology from the Massachusetts Institute of Technology and his doctorate in biological chemistry and molecular pharmacology from Harvard University.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that, with his doctorate in biological chemistry and molecular pharmacology and as a successful venture capitalist, Dr. Himawan brings important scientific and strategic insight to the Board as well as experience working with the investment community.

Age: 53

Director Since: July 2007

Board Committees:

Compensation (Chair)

Transaction

Current Public Company Directorships:

Catalyst Biosciences, Inc.

biopharmaceutical company

MediciNova, Inc.

biopharmaceutical company

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THE BOARD RECOMMENDS

A VOTE IN FAVOR OF EACH NAMED NOMINEE

Gino Santini

Chairman, AMAG Pharmaceuticals, Inc.

Mr. Santini currently serves as the chairman of the board of directors of AMAG Pharmaceuticals, in addition to serving on three other public company boards and on the board of directors of Artax Biopharma Inc. and Intarcia Therapeutics, Inc., each a private biopharmaceutical company, and is retired from a distinguished career with Eli Lilly and Company, a public pharmaceutical company. Mr. Santini previously served on the board of directors of Sorin SpA, a public medical products group, from 2012 to 2015, when it was acquired by LivaNova PLC and Vitae Pharmaceuticals, Inc., a public biotechnology company, from 2014 to 2016, when it was acquired by Allergan plc. During his tenure at Eli Lilly and Company from June 1983 to December 2010, Mr. Santini held various leadership positions. Mr. Santini, fluent in four languages, holds an undergraduate degree in mechanical engineering from the University of Bologna and a master s degree in business administration from the University of Rochester.

Age: 62

Director Since: March 2012

Board Committees:

Compensation

Transaction (Chair)

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Mr. Santini s extensive international and domestic commercial and business development experience brings important insight to the Board as it plans our future growth.

Current Public Company Directorships:

AMAG Pharmaceuticals, Inc.

biopharmaceutical company

Intercept Pharmaceuticals, Inc.

biopharmaceutical company

Collegium Pharmaceutical, Inc.

biopharmaceutical company

Allena Pharmaceuticals, Inc.

biopharmaceutical company

James Shannon, M.D.

Director, MannKind Corporation

Dr. Shannon currently serves on the board of directors for MannKind Corporation, a public biopharmaceutical company focused on treatments for diabetes. From May 2012 to March 2015, Dr. Shannon served as the chief medical officer of GlaxoSmithKline (GSK), a public biopharmaceutical company, where he was responsible for matters of patient safety, general medical governance, medical ethics and integrity, medical information as well as investigations involving human subjects relating to any GSK medicine in development or on the market. Prior to that, Dr. Shannon spent more than a decade with Novartis, a public pharmaceutical company. In his last role with the company, as global head of pharma development, he was responsible for all of Novartis s development activities, from pre-clinical through Phase 4 and oversaw an annual development budget of approximately $4 billion. Dr. Shannon received his science and medical degrees from Queen s University in Belfast, Northern Ireland. He also serves on the board of directors of Immodulon Therapeutics Limited, a private biopharmaceutical company, and MyTomorrows, a health-based platform that collaborates with drug developers to provide early access to treatments for patients who have exhausted all other options.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Dr. Shannon is qualified to serve as a director on the basis of his extensive clinical development experience, which brings important insight to the Board as it plans our future growth.

Age: 62

Director Since: Aug. 2017

Board Committees:

Compensation

Transaction

Current Public Company Directorships:

MannKind Corporation.

biopharmaceutical company

ProQR Therapeutics NV

therapeutics company

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Timothy P. Walbert

Chairman, President and Chief Executive Officer, Horizon Pharma plc

Mr. Walbert has served as our president, chief executive officer and director of the Company since June 2008 and served as our chairman since March 2010. From May 2007 to June 2009, Mr. Walbert served as president, chief executive officer and director of IDM Pharma, Inc., a public biopharmaceutical company that was acquired by Takeda America Holdings, Inc. in June 2009. Prior to that, Mr. Walbert served as executive vice president, commercial operations of NeoPharm, Inc., a public biopharmaceutical company. From June 2001 to August 2005, Mr. Walbert served as divisional vice president and general manager of immunology, where he built and led the global development and launch of the multi-indication biologic HUMIRA and divisional vice president, global cardiovascular strategy at Abbott, now AbbVie. From 1998 to 2001, he served as director, CELEBREX North America and arthritis team leader, Asia Pacific, Latin America and Canada at G.D. Searle & Company. Mr. Walbert serves as the chairman of the board of directors of Egalet Corporation, a public pharmaceutical company. He also sits on the board of directors of the Illinois Biotechnology Innovation Organization (iBIO), the Biotechnology Innovation Organization (BIO), World Business Chicago (WBC) and the Greater Chicago Arthritis Foundation. Mr. Walbert is also a member of the Illinois Innovation Council, the National Organization for Rare Disorders (NORD) Advisory Board and serves on the Board of Trustees of Muhlenberg College. He previously served on the board of directors of Raptor Pharmaceutical Corp. (Raptor), a public biopharmaceutical company, from 2010 to 2014; XOMA Corporation, a public biotechnology company, from 2011 to 2017; and Sucampo Pharmaceuticals, Inc., a public biopharmaceutical company, from 2016 to 2018. Mr. Walbert received his bachelor of arts degree in business from Muhlenberg College, in Allentown, Pennsylvania.

Age: 51

Chair Since: March 2010

Director Since: June 2008

Board Committees:

None

Current Public Company Directorships:

Egalet Corporation (Chair)

pharmaceutical company

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Mr. Walbert is qualified to serve as a director on the basis of his valuable industry experience, which brings important strategic insight to the Board as it plans our future growth.

William F. Daniel

Director, Malin Corporation plc

Mr. Daniel, a chartered director and chartered accountant, is currently a member of the board of directors of Malin Corporation plc, an Ireland-based public global life sciences company. He was president of the Institute of Directors of Ireland from May 2013 to May 2015, and was originally elected to the board of the Institute of Directors in Ireland in June 2010. Prior to that, Mr. Daniel was executive vice president and company secretary of Elan Corporation plc, a public biotechnology company, and served in that role from December 2001 to December 2013, until the merger of Elan with Perrigo Company plc. He was previously an executive director of Elan between 2003 and 2007, having joined the organization as financial controller in 1994. Mr. Daniel graduated with a degree in commerce from the University College Dublin.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Mr. Daniel is qualified to serve as a director on the basis of his valuable financial and corporate governance expertise, which brings important strategic insight to the Board as it plans our future growth.

Age: 67

Director Since: Sept. 2014

Board Committees:

Audit (Chair)

Compensation

Current Public Company Directorships:

Malin Corporation plc

global life sciences company

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H. Thomas Watkins

Chairman, Vanda Pharmaceuticals, Inc.

Mr. Watkins currently serves as the chairman of the board of Vanda Pharmaceuticals, Inc., a public biotechnology company. Prior to that, he was director, president and chief executive officer of Human Genome Sciences, Inc. (HGS), a public biopharmaceutical company, from 2004 until HGS was acquired by GlaxoSmithKline in 2012. Before leading HGS, Mr. Watkins spent over twenty years in senior roles at Abbott Laboratories and its affiliates in the United States and Asia, most recently serving as the president of TAP Pharmaceutical Products, Inc. (TAP), which was jointly owned by Abbott and Takeda Pharmaceutical Company, Inc. During his tenure, he led the growth of TAP from approximately $2 billion to over $4 billion in annual revenue. Mr. Watkins began his career in 1974 with Arthur Andersen & Co. From 1979 to 1985, he was a management consultant with McKinsey and Company, Inc., working with multinational companies in the United States, Europe and Japan. Mr. Watkins holds a bachelor s degree from the College of William and Mary, and a master s degree in business administration from the University of Chicago Graduate School of Business. Mr. Watkins is a member of the board of directors of HemoShear Therapeutics, LLC, a private biotechnology company, and of the board of visitors of The College of William and Mary.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Mr. Watkins is qualified to serve as a director on the basis of his valuable industry experience, which brings important strategic insight to the Board as it plans our future growth.

Age: 66

Director Since: Apr. 2014

Board Committees:

Audit

Nominating and Corporate Governance (Chair)

Current Public Company Directorships:

Vanda Pharmaceuticals, Inc. (Chair)

biopharmaceutical company

Pascale Witz

President, PWH Advisors

Ms. Witz founded PWH Advisors, a strategic consultancy firm advising healthcare and investment companies, in November 2016 and has served as its president since that time. From September 2015 to May 2016, Ms. Witz served as executive vice president, global diabetes and cardiovascular at Sanofi, a pharmaceutical company. During her tenure at Sanofi, she launched multiple medicines across three continents and strengthened the pipeline through licensing and partnerships. Prior to joining Sanofi, Ms. Witz served more than 17 years at GE Healthcare where, in her final role as president and chief executive officer of its medical diagnostics business, she ran a $2 billion integrated pharmaceutical organization that encompassed research and development through commercial. She previously served on the board of directors of Savencia SA, a public food and dairy company, from 2016 to 2018, and of Tesoro, Inc., then a public biopharmaceutical company, from 2018 to January 2019. Ms. Witz received her master s degree of business administration in economics and marketing from INSEAD and her master of science in biochemistry from INSA Lyon.

Qualifications:

The Nominating and Corporate Governance Committee and the Board believe that Ms. Witz is qualified to serve as a director on the basis of her valuable industry experience, which brings important strategic insight to the Board as it plans our future growth.

Age: 52

Director Since: Aug. 2017

Board Committees:

Audit

Nominating and Corporate Governance

Current Public Company Directorships:

Fresenius Medical Care AG & Co. KGaA

medical supply company

Regulus Therapeutics

biotechnology company

PerkinElmer

human and environmental health company

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THE BOARD OF DIRECTORS AND ITS COMMITTEES

Overview

In 2018, the Board held six meetings and did not act by unanimous written consent without a meeting. Each Board member attended 93% or more of the aggregate number of meetings of the Board and of the committees on which he or she served. It is our policy to encourage directors and nominees for director to attend annual general meetings of shareholders. All our current directors attended our 2018 Annual General Meeting of Shareholders.

The Board is committed to exercising good corporate governance practices. As part of this commitment, the Board regularly monitors developments in corporate governance and reviews processes, policies and procedures in light of such developments. Key information regarding our corporate governance initiatives can be found on our website, *www.horizonpharma.com*, including our Memorandum and Articles of Association, Code of Business Conduct and Ethics, and the charters for the Audit, Compensation, Nominating and Corporate Governance and Transaction Committees. The Board believes that its strong corporate governance policies and practices, including the substantial percentage of independent directors on the Board and the robust duties of its lead independent director, empower the Board to effectively oversee our Chief Executive Officer and provide an effective and appropriately balanced Board governance structure.

Independence of the Board of Directors

Other than Mr. Walbert, our chairman, president and chief executive officer, all members of the Board are independent and all members of committees of the Board are independent. The Board has affirmatively determined that the following eight directors are independent directors within the meaning of the applicable Nasdaq Stock Market (Nasdaq) listing standards: Mr. Daniel, Mr. Grey, Dr. Himawan, Mr. Pauli, Mr. Santini, Dr. Shannon, Mr. Watkins and Ms. Witz. In making this determination, the Board found that none of these directors or nominees for director had a material or other disqualifying relationship with us. Mr. Walbert is not an independent director by virtue of his current employment with us. To determine independence, the Board reviewed all relevant identified transactions or relationships between each director, or any of his or her family members, and us, our senior management and our independent registered public accounting firm.

As required under applicable Nasdaq listing standards, in fiscal year 2018, our independent directors met four times in regularly scheduled executive sessions at which only independent directors were present.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the Code) that applies to all officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or

controller, or persons performing similar functions. The Code is available on our website at *www.horizonpharma.com*. If we make any substantive amendments to the Code or grants any waiver from a provision of the Code to any executive officer or director, we will promptly disclose the nature of the amendment or waiver on its website or in a current report on Form 8-K.

Board Leadership Structure

The Board has determined that the current leadership structure, in which the offices of Chairman and Chief Executive Officer are held by one individual and an independent director acts as lead independent director, ensures that the appropriate level of oversight, independence, and responsibility is applied to all Board decisions, including risk oversight, and is in our best interests and those of our shareholders.

Chairman/Chief Executive Officer

The Board is currently chaired by our President and Chief Executive Officer, Mr. Walbert. We believe that combining the positions of Chief Executive Officer and Chairman of the Board helps to ensure that the Board and management act with a common purpose for the following reasons:

- coherent leadership and direction for the Board and executive management;
- clear accountability and a single focus for the chain of command to execute our strategic initiatives and business plans;
- Mr. Walbert s extensive industry expertise, external public board experience, leadership experience and history and knowledge of our business; and

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by leading management and chairing the Board, we benefit from the Chief Executive Officer s strategic and operational insights, enabling a focused vision encompassing the full range, from long-term strategic direction and day-to-day execution.

Lead Independent Director

We require the election, by the independent directors of the Board, of a lead independent director to serve during any period when there is no independent Chairman of the Board. Because Mr. Walbert is currently serving as Chief Executive Officer and Chairman of the Board, the independent directors of the Board elected Mr. Grey as the lead independent director. The lead independent director serves as the liaison between the Chairman of the Board and the independent directors and his responsibilities include:

- facilitates communication with the Board and presides over regularly conducted executive sessions of the independent directors and sessions where the Chairman of the Board is not present;
- establishes the agenda for meetings of the independent directors and reviews and approves matters, schedule sufficiency, and, where appropriate, information provided to other Board members;
- has the authority to call meetings of the independent directors and, if requested by major shareholders, ensures that he is available for consultation and direct communication; and
- conveys messages from meetings of the independent directors to the Chief Executive Officer and makes himself available to discuss with other directors any concerns they may have about us or our performance.

Role of the Board in Risk Oversight

One of the Board s key functions is informed oversight of our risk management process. The Board does not have a standing risk management committee, but rather administers this oversight function directly through the Board as a whole, as well as through various Board standing committees that address risks inherent in their respective areas of oversight. In particular, the Board is responsible for monitoring and assessing strategic risk exposure, including a determination of the nature and level of risk appropriate for the Company. Our Audit Committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken and provides oversight of the performance of our internal audit function and external auditors. The Audit Committee also reviews and receives regular briefings concerning information security and technology risks (including cybersecurity), including discussions of our information security and risk management programs. Our Nominating and Corporate Governance Committee monitors the effectiveness of our corporate governance guidelines, including whether they are successful in preventing illegal or improper liability-creating conduct, and monitors compliance with legal, regulatory and ethical requirements. Our Compensation Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. Our Transaction Committee evaluates potential strategic transactions and financing

opportunities, including the risks that such transactions could pose to the Company.

Director Selection

The Nominating and Corporate Governance Committee will consider candidates for the Board who are recommended by shareholders, directors, third-party search firms engaged by the Board and other sources. When selecting candidates for recommendation to the Board, the Nominating and Corporate Governance Committee will consider the attributes of the candidates and the needs of the Board and will review all candidates in the same manner, regardless of the source of the recommendation. In evaluating director nominees, a candidate should have certain minimum qualifications, including being able to read and understand basic financial statements, having familiarity with our business and industry, having high moral character and mature judgment and being able to work collegially with others. In addition, factors such as the following may be considered:

- the independence standards established by the Company, the presence of any material interests that could cause a conflict between our interests and the interests of the director nominee, and the director nominee s ability to exercise his or her best business judgment in the interest of all shareholders;

- the director nominee s ability to devote sufficient time to the business of the Board and at least one of the standing committees of the Board, in light of the number of other boards on which the director nominee serves (for profit and not-for-profit) and the other business and professional commitments of the director nominee;

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the appropriate size and the diversity of the Board;

the knowledge, skills and experience of the director nominee, including experience in the industry in which the Company operates, as well as in the general areas of clinical development, business, finance, management and public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board; and

the director nominee s experience with accounting rules and practices.

During 2018, we paid a fee to one third-party search firm that was retained by the Board to identify potential nominees and assist our Nominating and Corporate Governance Committee in evaluating such potential nominees.

Diversity Policy

The Board believes that maintaining a diverse membership enhances the Board s deliberations and enables the Board to better represent all of the Company s constituents, and as such has a formal diversity policy. As part of the policy, the Nominating and Corporate Governance Committee annually reviews the tenure, performance, and contributions of existing Board members to the extent they are candidates for re-election and considers all aspects of each candidate s qualifications and skills with the goal of ensuring the Board has diversity of experience and perspectives as well as race, gender, geography, and areas of expertise.

To further this goal, the Board is committed to including in each director search highly qualified candidates who reflect diverse experiences and backgrounds, including diversity of gender and race. The diversity policy is available on our website at *www.horizonpharma.com*.

Shareholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board at an Annual General Meeting of Shareholders must do so by delivering a written recommendation to the Nominating and Corporate Governance Committee. See Other Information Shareholder Proposals in this Proxy Statement for additional information.

Committees of the Board of Directors

The Board has four standing committees: the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee, and Transaction Committee. All committees are comprised of independent directors within the meaning of the applicable Nasdaq listing standards. A description of each committee of the Board is described below.

The following table provides membership and meeting information for fiscal year 2018 for each of the Board committees:

	Audit	Compensation	Nominating and	Transaction

Timothy P. Walbert				
Michael Grey				
William F. Daniel				
Jeff Himawan, Ph.D.				
Ronald Pauli[1]				
Gino Santini				
James Shannon, M.D.[2]				
H. Thomas Watkins				
Pascale Witz[3]				
Total meetings in fiscal year 2018	**5**	**6**	**4**	**7**

= Chair = Member = Lead Independent Director

(1) Mr. Pauli has served on the Nominating and Corporate Governance Committee since February 2018. Mr. Pauli will not be subject to re-election at the 2019 Annual General Meeting and will no longer serve on any committees of the Board after the 2019 Annual General Meeting.
(2) Dr. Shannon has served on the Compensation Committee since February 2018.
(3) Ms. Witz has served on the Audit Committee since February 2018.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility with respect to, among other things: (i) our corporate accounting and financial reporting practices, (ii) the system of internal control over financial

reporting, (iii) the audit

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process, (iv) the quality and integrity of our financial statements, (v) the qualifications, independence and performance of our independent registered public accounting firm, (vi) the qualifications, independence and performance of our internal audit function and (vii) enterprise risk management. Each of the independent registered public accounting firm, internal audit and management periodically meet privately with the Audit Committee.

The Board has determined that Mr. Daniel qualifies as an audit committee financial expert, within the meaning of applicable SEC rules. In making this determination, the Board has considered Mr. Daniel s formal education, the nature and scope of his previous experience and his financial and corporate governance expertise.

Report of the Audit Committee of the Board of Directors

The material in this report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any of our filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (Exchange Act), whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2018 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board (PCAOB). The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm s communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm s independence. Based on the foregoing, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Audit Committee

William F. Daniel, *Chairman*

Ronald Pauli

H. Thomas Watkins

Pascale Witz

Compensation Committee

The Compensation Committee oversees, reviews and approves or recommends for adoption our compensation policies, plans and programs, reviews and approves or recommends to the full Board, as appropriate, the compensation to be paid to our executive officers and directors, and prepares and reviews the Compensation Committee report included in our annual proxy statement. In making its compensation decisions and recommendations, the Compensation Committee may take into account the recommendations of the Chief Executive Officer and other senior management. Other than giving such recommendations, however, the Chief Executive Officer and other senior management have no formal role and no authority to determine the amount or form of executive and director compensation. The processes and procedures used for the consideration and determination of executive compensation are described in the section of this Proxy Statement captioned, Compensation Discussion and

Analysis.

The Compensation Committee may, at our expense, retain legal counsel (which may, but need not be, our regular corporate counsel) and other consultants and advisors, other than in-house legal counsel and certain other types of advisors, to assist it with its functions only after taking into consideration six factors, prescribed by the SEC and Nasdaq, that bear upon the advisor s independence; however, there is no requirement that any advisor be independent. The Compensation Committee has authority to approve such advisors fees and other retention terms and to terminate its relationship with any advisor that it retains. In addition, the Compensation Committee has authority to delegate its responsibilities to subcommittees or individual committee members.

In October 2016, our Compensation Committee engaged Radford, an Aon Hewitt Company (Radford), as its independent consultant. For additional information regarding our processes and procedures for the consideration and determination of executive compensation, including the role of Radford in determining and recommending executive compensation, the aggregate cost of Radford s executive and director compensation consulting services during 2018, see the section of this Proxy Statement entitled *Compensation Discussion and Analysis Compensation Determination Process*. With respect to director compensation matters, our Compensation Committee recommends to our Board and our Board determines and sets non-employee director compensation. Our compensation arrangements for our non-employee directors are described under the section of this Proxy Statement entitled Non-Employee Director Compensation.

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Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee has ever been an executive officer or employee of the Company. None of our executive officers currently serves, or has served during the last completed year, on the compensation committee or board of directors of any other entity that has one or more officers serving as a member of our Board or Compensation Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee oversees all aspects of our corporate governance functions on behalf of the Board, including, but not limited to, (i) making recommendations to the Board regarding corporate governance issues; (ii) identifying, reviewing and evaluating candidates to serve as our directors consistent with criteria approved by the Board and reviewing and evaluating incumbent directors; (iii) serving as a focal point for communication between such candidates, non-committee directors and our management; (iv) nominating candidates to serve as directors; (v) making other recommendations to the Board regarding affairs relating to our directors; and (vi) providing oversight assistance in connection with our legal, regulatory and ethical compliance programs, policies and procedures as established by management and the Board.

The process used by the Nominating and Corporate Governance Committee to identify a nominee to serve as a member of the Board depends on the qualities being sought. From time to time, the Board engages an executive search firm to assist the Nominating and Corporate Governance Committee in identifying individuals qualified to be Board members. The process used by the Nominating and Corporate Governance Committee to identify nominees is described in the section of this Proxy Statement captioned, Director Selection.

Transaction Committee

The functions of the Transaction Committee include, but are not limited to:

- reviewing, considering and evaluating proposed product or business acquisitions or divestitures, licensing, distribution, promotion, collaboration and other commercial agreements and arrangements, joint ventures, and any other business development transactions;
- reviewing, considering and evaluating proposed financing opportunities, including the issuance of equity, debt and convertible securities;
- reviewing, considering and evaluating proposed modifications to Existing Debt Dealings (as defined in the charter of the Transaction Committee);
- monitoring negotiations and other communications with third parties in connection with potential business development transactions, financing opportunities and debt discharge opportunities;

meeting with management to identify and assist the Board in evaluating opportunities that will further our business development strategy;

periodically reviewing and evaluating prior transactions and financings for consistency with, and achievement of, our strategic business goals, objectives or plans; and

authorizing potential business development transactions, other business growth and diversification opportunities, general financing opportunities and opportunities for Existing Debt Dealings that the Transaction Committee determines to fall within the scope of our goals and business development strategy and that are in the best interest of our shareholders.

Description of Our Short-Term Shareholder Rights Agreement

In February 2019, we entered into a short-term shareholder rights agreement, commonly referred to as a poison pill. In general terms, the shareholder rights agreement works by causing significant dilution to any person or group that acquires 10% (or 15% in the case of an existing 13G Investor as defined in the shareholder rights agreement) or more of our outstanding ordinary shares without the prior approval of the Board. The shareholder rights agreement, which has a limited 12-month term expiring in February 2020, is not intended to prevent an acquisition of the company on terms that the Board considers favorable to and in the best interests of all shareholders. Rather, the shareholder rights agreement aims to provide the Board with adequate time to fully assess any takeover proposal in full compliance with its fiduciary duties and to encourage anyone seeking to acquire us to negotiate with the Board prior to attempting a takeover.

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Irish Takeover Rules Preclude a Wait-and-See Approach Under an On-the-Shelf Strategy

As an Irish public company, we are subject to the Irish Takeover Panel Act 1997, as amended, and the Irish Takeover Rules made thereunder. Under the Irish Takeover Rules, we are precluded from adopting a shareholder rights agreement in the event that we receive an offer to acquire our company or we have reason to believe that such an offer is or may be imminent. Many U.S.-incorporated companies, particularly those companies incorporated in Delaware, generally have the ability to design, prepare and draft a shareholder rights agreement in advance and put it on-the-shelf, with the actual adoption of the shareholder rights agreement delayed until a takeover proposal develops or becomes imminent. However, as a result of the application of the Irish Takeover Rules, we do not have the ability to wait-and-see under this on-the-shelf shareholder rights agreement strategy available to U.S.-incorporated companies.

Rationale for Adoption of Our Short-Term Shareholder Rights Agreement

The Board decided to adopt the shareholder rights agreement in response to the takeover environment in general and the Board s belief that we face a heightened risk of receiving takeover proposals at inadequate prices, given several factors: our evolution into a biopharma company focused on rare disease medicines; the highly positive Phase 3 clinical trial results of our rare disease drug candidate teprotumumab for the treatment of active thyroid eye disease (TED) announced on February 28, 2019; the strong financial performance we delivered in 2018; the expected $750 million in peak sales for each of KRYSTEXXA and teprotumumab; and the investments we are making in 2019, all of which are discussed in our letter to shareholders at the beginning of this Proxy Statement, as well as the summary to this Proxy Statement beginning on page 2. In addition, in making the determination, the Board considered our balance sheet cash, our debt levels and our capacity to continue to invest in building a pipeline of rare disease medicines.

Furthermore, as a result of our strong financial performance and our evolution into a rare disease-focused biopharma company, our stock-trading multiples as a percentage of net sales and adjusted EBITDA have increased to be more aligned with biopharma companies we view as comparable. However, we do not believe analysts and investors have fully valued us as a biopharma company. Instead, they continue to value us as a specialty pharma company, and we believe this adds to the risk of receiving an inadequately priced takeover proposal.

The adoption of the plan is not in response to any specific approach; as explained above, under the Irish Takeover Rules, we are precluded from adopting a shareholder rights agreement in such a case.

In consideration of these factors, and due to the application of the Irish Takeover Rules, which preclude a wait-and-see approach under an on-the-shelf shareholder rights agreement strategy available to U.S.-incorporated companies, explained above, the Board determined that it was necessary and advisable to adopt the shareholder rights agreement in order to guard against attempts to acquire control of the Company at an inadequate price that would be unfair to our shareholders. The Board balanced its assessment of that risk with what it believed was an appropriately limited term of the shareholder rights agreement, concluding that a short, 12-month term was an adequate response to that risk. Ultimately, the Board adopted the shareholder rights agreement to enable all of our shareholders to realize the long-term value of their investment in the Company. During recent discussions with investors, our shareholders have generally been supportive of our strategy and the Board s decision to adopt our shareholder rights agreement.

Shareholder Communications with the Board of Directors

Shareholders who wish to communicate with the Board may do so by sending written communications addressed to the Company Secretary of Horizon Pharma at Connaught House, 1st Floor, 1 Burlington Road, Dublin 4, D04 C5Y6, Ireland or by communicating online to the Board as a group. This information and an online communications form are available on our website at *www.horizonpharma.com.* Each communication will be reviewed by our Company Secretary to determine whether it is appropriate for presentation to the Board or such director on a periodic basis. Examples of inappropriate communications include advertisements, solicitations or hostile communications.

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EXECUTIVE OFFICERS

The following table sets forth information regarding executive officers as of March 1, 2019:

Name	Age	Position with the Company
Timothy P. Walbert	51	Chairman, President and Chief Executive Officer
Brian K. Beeler	46	Executive Vice President, General Counsel
Robert F. Carey	60	Executive Vice President, Chief Business Officer
Geoffrey M. Curtis	44	Executive Vice President, Corporate Affairs and Chief Communications Officer
Michael A. DesJardin	61	Executive Vice President, Technical Operations
Paul W. Hoelscher	54	Executive Vice President, Chief Financial Officer
Vikram Karnani	44	Executive Vice President, Chief Commercial Officer
Jeffrey D. Kent, M.D., FACG	57	Senior Vice President, Head of Medical Affairs and Outcomes Research
Irina P. Konstantinovsky	49	Executive Vice President, Chief Human Resources Officer
Shao-Lee Lin, M.D., Ph.D.	52	Executive Vice President, Head of Research and Development, Chief Scientific Officer
Barry J. Moze	65	Executive Vice President, Chief Administrative Officer

The following is biographical information as of March 1, 2019 for our executive officers other than Mr. Walbert, whose biographical information is included in Proposal 1.

Brian K. Beeler. Mr. Beeler has served as our executive vice president, general counsel since May 2015. Mr. Beeler previously served as our senior vice president, legal and chief compliance officer from January 2015 until May 2015 and as our associate general counsel and chief compliance officer from January 2013 until January 2015. Prior to joining Horizon, Mr. Beeler served as associate general counsel for Fenwal, Inc., a global blood technology company, from December 2008 until December 2012. Before that, Mr. Beeler was senior counsel, business development, commercial and research and development at TAP Pharmaceuticals and Takeda Pharmaceuticals North America and also previously served as chief compliance officer at Schwartz Pharma. Mr. Beeler received a bachelor s degree in history from Purdue University, a master s degree in business administration from the Kellogg School of Management at Northwestern University and a JD from the Indiana University School of Law.

Robert F. Carey. Mr. Carey has served as our executive vice president, chief business officer since March 2014. Prior to that, Mr. Carey spent more than 11 years as managing director and head of the life sciences investment banking group at JMP Securities LLC, a full-service investment bank. Prior to JMP, Mr. Carey was a managing director in the healthcare groups at Dresdner Kleinwort Wasserstein and Vector Securities. Mr. Carey also has held roles at Shearson Lehman Hutton and Ernst & Whinney. Mr. Carey serves on the board of directors of Sangamo Therapeutics, Inc., a public pharmaceutical company, and AIT Therapeutics, Inc., a public medical device and biopharmaceutical company. Mr. Carey previously served on the board of directors of Argos Therapeutics Inc., a public pharmaceutical company, from 2014 to 2018. Mr. Carey received his bachelor of business administration

degree in accounting from the University of Notre Dame.

Geoffrey M. Curtis. Mr. Curtis has served as our executive vice president, corporate affairs and chief communications officer since August 2018. Prior to that, from May 2017 he served as our senior vice president of corporate affairs and chief communications officer, and as group vice president of corporate communications from December 2015, when he joined the Company. From May 2012 until April 2015, Mr. Curtis served as senior vice president at Edelman Public Relations and, as part of its National Health Media Team, he led media strategy and execution for a large portfolio of pharmaceutical, biotech and medical device clients. Prior to that, Mr. Curtis was group director of the media practice at WCG, a marketing and communications firm and part of W20 Group, from July 2006 until May 2012 and held a similar role at GCI Group from March 2004 until July 2006. Prior to joining GCI, Mr. Curtis served as a public affairs manager in the Pharmaceutical Products Division at Abbott, where he led internal and external communications programs for the immunology, neuroscience and oncology franchises. Mr. Curtis has a bachelor s degree in English from Lake Forest College in Lake Forest, Illinois.

Michael A. DesJardin. Mr. DesJardin has served as our executive vice president, technical operations since February 2017. Mr. DesJardin previously served as our senior vice president, technical operations from October 2016 to November 2016 and as our senior vice president, life cycle management from December 2016 to January 2017. Mr. DesJardin joined Horizon from Raptor in October 2016 as part of the Raptor acquisition. While at Raptor, Mr. DesJardin was the senior vice president of technical operations from April 2015 to October 2016. Prior to that, Mr. DesJardin served as senior vice president of product development at Jazz Pharmaceuticals Public Limited Company (formerly Jazz Pharmaceuticals, Inc.) (Jazz) from July 2004 to March 2015. Mr. DesJardin spent nine years as an executive director and engineering fellow at ALZA Corporation and spent 15 years at the Dow Chemical Company working in pharmaceutical and agricultural chemical development for Marion Merrill Dow. Mr. DesJardin has over 38 years of experience in pharmaceutical development. Mr. DesJardin received a bachelor of science

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degree in chemical engineering from the University of California, Berkeley and is a registered professional engineer in the State of California.

Paul W. Hoelscher. Mr. Hoelscher has served as our executive vice president, chief financial officer since October 2014. Previously, Mr. Hoelscher was our executive vice president, finance from June 2014 through September 2014. Prior to joining Horizon, Mr. Hoelscher served as senior vice president, finance-treasury and corporate development of OfficeMax, Inc., from August 2013 to May 2014, and as vice president, finance-treasury and corporate development of OfficeMax from August 2012 to July 2013. Prior to that, Mr. Hoelscher served in various finance roles at Alberto Culver Company from 1992 to 2012 and in various positions in the audit practice at KPMG LLP from 1986 to 1993. He currently serves on the board of trustees of the Illinois Chapter of the Leukemia and Lymphoma Society. Mr. Hoelscher received his bachelor of science degree in accountancy from the University of Illinois at Urbana-Champaign and is a certified public accountant.

Vikram Karnani. Mr. Karnani has served as our executive vice president, chief commercial officer since March 2018. Prior to that, he served as our senior vice president, rheumatology business unit from February 2017 to March 2018, and before that, from July 2014 until February 2017, he served as our general manager, specialty business unit. Prior to joining Horizon, Mr. Karnani was with Fresenius Kabi, a global health care company, where he served as vice president of the therapeutics and cell therapy business, from October 2011 to July 2014. Mr. Karnani also held various positions in business development, corporate strategy and strategic marketing within Fenwal Inc., a global blood technology company that was acquired by Fresenius Kabi, from November 2008 to October 2011. Mr. Karnani brings nearly 16 years of cross-functional expertise across a multitude of industries, including medical devices, management consulting, semiconductors and cellular telecommunications. Mr. Karnani has a master s degree from the Kellogg School of Management at Northwestern University, a master s degree in electrical engineering from Case Western Reserve University and a bachelor of science degree in electrical engineering from University of Bombay, India.

Jeffrey D. Kent, M.D., FACG. Dr. Kent has served as our senior vice president, head of medical affairs and outcomes research since joining Horizon in May 2012. Before that Dr. Kent was executive director, medical affairs at Astellas Pharmaceuticals, a public Japanese biopharmaceutical company, from 2011 to 2012. Prior to Astellas, he spent more than eight years as global project head for medical affairs in immunology within Abbott Laboratories, then a public health care and pharmaceutical company. Dr. Kent also worked at G.D. Searle & Company (now Pfizer) from 1999 to 2003, and served in various capacities in research and development, including global director for valdecoxib (Bextra) development. A Fellow of the American College of Gastroenterology (FACG), Dr. Kent received his M.D. from the Jefferson Medical College in Philadelphia, Pennsylvania. He completed a residency in Internal Medicine at Thomas Jefferson University Hospital and a fellowship in gastroenterology and hepatology at Rush Presbyterian St. Luke s Hospital in Chicago.

Irina P. Konstantinovsky. Ms. Konstantinovsky has served as our executive vice president, chief human resources officer since September 2017. Prior to Horizon, from August 2012 to September 2017, she was vice president of global talent at Baxter International Inc. a healthcare products company, where she led a team of talent professionals worldwide and oversaw organizational effectiveness, leadership development, inclusion and diversity and talent acquisition. She and her team were responsible for talent management strategies, programs and systems for more than 50,000 employees worldwide. Prior to Baxter, Ms. Konstantinovsky spent 15 years in senior partner and director roles at Towers Watson (currently Willis Towers Watson), a global human-resources consulting firm serving Fortune 1000 companies. While in these roles, she served as the interim chief human resource officer at Capital BlueCross for two years. Ms. Konstantinovsky has a bachelor of arts in education from the University of Buenos Aires and two master s degrees, one in higher education and one in industrial and labor relations from Cornell University. In addition, she serves on the board of the Human Resource Management Association of Chicago and the YWCA of

Metropolitan Chicago.

Shao-Lee Lin, M.D., Ph.D. Dr. Lin has served as our executive vice president, head of research and development and chief scientific officer since January 2018. Prior to Horizon, Dr. Lin was a corporate officer and vice president, therapeutic areas, development excellence and international development at AbbVie, Inc., a pharmaceutical company, from March 2015 to December 2017. In that role, she led immunology, virology, neuroscience and general medicine, across on-market and pipeline compounds as well as international development across all therapeutic areas. Prior to AbbVie, Dr. Lin was vice president, inflammation and respiratory development at Gilead Sciences, Inc., a biopharmaceutical company, from July 2012 to February 2015. She also held leadership positions in immunology and other therapeutic areas while at Amgen Inc., a biotechnology company. Dr. Lin received her medical degree and doctorate at the Johns Hopkins University School of Medicine and completed fellowships and post-doctoral work in rheumatology, allergy and immunology at the University of California San Diego and The Scripps Clinic and Research Institute. She has a bachelor of science in biochemistry and chemical engineering from Rice University. Dr. Lin is currently adjunct faculty at Northwestern University. She has previously been on the faculty of Rockefeller University as a Clinical Scholar and also served as adjunct faculty at Cornell, University of California Los Angeles (UCLA) and Stanford medical schools.

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Barry J. Moze. Mr. Moze has served as our executive vice president, chief administrative officer since February 2017. Prior to that, Mr. Moze was our executive vice president, chief operating officer from February 2016 to January 2017 and was our executive vice president, corporate development from May 2014 to January 2016. Prior to joining Horizon, Mr. Moze spent more than 28 years as a partner of Crystal Clear Communications, a consulting firm focused on the development and execution of corporate strategies. Prior to Crystal Clear, Mr. Moze was a founder and president of Review Services and Asset Management Group, a licensed investment advisory firm.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) discusses the compensation philosophy, policies and principles underlying our executive compensation decisions made for 2018 compensation. This CD&A provides qualitative information on the factors relevant to these decisions and the manner in which compensation is awarded to the following executive officers who have been named in the Summary Compensation Table included in this Proxy Statement and whom we refer to as our named executive officers (NEOs).

Timothy P. Walbert	Chairman, President and Chief Executive Officer
Paul W. Hoelscher	Executive Vice President, Chief Financial Officer
Shao-Lee Lin, M.D., Ph.D.	Executive Vice President, Head of Research and Development and Chief Scientific Officer
Robert F. Carey	Executive Vice President, Chief Business Officer
Barry J. Moze	Executive Vice President, Chief Administrative Officer

Quick CD&A Reference Guide

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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 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 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.

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

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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.

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.

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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.

Our Pay Program

Our philosophy continues to be based on attracting and retaining top talent with experience in building and leading a successful rare disease biopharma company, while providing competitive compensation and benefits packages that create a direct, meaningful link between business results and compensation opportunities. In thoughtfully doing so, we believe we can align interests of management, employees and shareholders to set priorities and focus on executing our long-term business strategy.

Say-on-Pay Results and Shareholder Engagement

We value the views of our shareholders and we have had significant and meaningful engagement with our shareholders regarding our compensation and governance. Feedback from these outreach efforts informs the Compensation Committee s thinking when evaluating our current compensation program and when considering potential modifications to the program on a go-forward basis. For the past five years, we have conducted continued and consistent engagement with our shareholders, led by the Chairman of our Compensation Committee, and we plan to continue this practice.

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In 2018, prior to our Annual General Meeting, we offered engagement opportunities to 67 percent of our shareholders, and dialogued with 32 percent of our shareholders. At our 2018 Annual General Meeting of Shareholders, our say-on-pay proposal received the support of 95 percent of the shares voted. We believe this high level of support is a result of our comprehensive shareholder outreach and engagement program to solicit feedback, understand investor viewpoints and incorporate their feedback into further discussions of our compensation programs and corporate governance.

Changes to our compensation program and corporate governance over the past several years that were heavily influenced by shareholder feedback include:

Incentive compensation recoupment policy. This policy enables us to recover performance-based cash and equity compensation if it is determined not to have been earned by our executive officers, in the event of restatement of financial results.

Annual long-term incentive grants. Our philosophy on granting equity has changed as a result of feedback. In January 2018, we shifted from front-loaded awards covering a multi-year period to regular, annual grants of long-term incentives.

Balance between short-term and long-term performance metrics. Shareholder feedback informed our decision to combine both a short-term business performance metric and long-term relative TSR metric for the performance share unit (PSU) awards granted as part of our annual long-term incentive plan. We have continued to use performance-based equity compensation in our regular long-term incentive program, influenced by feedback from our on-going engagement with shareholders regarding executive compensation.

Board diversity. Diversity is an important a principle for us at Horizon as it is for many of our investors. During 2018, the Board formally instituted a policy on board diversity. Given that our business and operations are diverse and global in nature, our Nominating and Corporate Governance Committee takes into account a broad range of diversity considerations when assessing potential candidates, including diversity of experience and perspectives as well as gender, race, geography and areas of expertise. The addition to the Board in 2017 of Pascale Witz, with her extensive global healthcare management experience, and James Shannon, M.D., with his significant clinical development and management experience, are examples of how we have further diversified our Board.

We value the dialogue we have with our shareholders and remain committed to conducting consistent engagement going forward.

2018 Pay-for-Performance Overview

A significant portion a higher percentage than the majority of our peers of target total compensation for our CEO and other NEOs is structured in the form of at-risk compensation, consisting of annual performance-based incentives and PSUs. In line with our compensation objectives, including linking executive pay with performance, short-term incentives, PSUs and cash incentives are dependent upon our Company s performance, aligning our executives interests with those of our shareholders for near- and long-term performance. In addition, the restricted share unit

(RSU) portion of the target total compensation has a time-based vesting component so that the total potential value realized from the RSU portion is dependent on our long-term share price performance. Total target direct compensation for 2018, as shown below, reflects annual base salary, annual bonus, PSUs, RSUs and cash incentives as reported in the *Summary Compensation Table*. More than half of total target compensation of our chief executive officer (CEO) is tied to achievement of specific performance goals and an additional 37 percent is time-based equity.

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Realizable Value of CEO Compensation

The table below shows the compensation of our CEO and compares the reported values in the *Summary Compensation Table* to the realizable value as of the end of fiscal year 2018 based on our closing share price of $19.54 per share on December 31, 2018 (the last trading day of the year). As shown below, the grant date fair value of our CEO s compensation as required to be reported in the Summary Compensation Table is not reflective of the actual realizable value that could be received.

Looking over the past four years, there is a clear and stark difference between the average reported value of our CEO s pay (approximately $29 million) and his realizable pay value (approximately $10 million). This table demonstrates how our pay-for-performance philosophy works in practice.

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2018 was a year of excellent performance for Horizon and strong returns for our shareholders, which is reflected in the increase in value of our CEO s realizable compensation for the year. In addition, the chart below reflects how our front-loaded 2015 equity awards, intended to serve as equity compensation for a four-year period, did not reach the threshold performance levels and therefore resulted in zero realized value. In 2018, after shareholder feedback and other market considerations, the Compensation Committee introduced regular, annual equity awards, shifting away from the front-loaded program.

Aggregate Reported Value includes compensation earned from 2015 to 2018 as disclosed in the Summary Compensation Table annually.

Aggregate Realizable Value is defined as the compensation earned or deliverable for each year calculated as of the end of the 2018 fiscal year, including: actual salary received, actual amounts earned under the annual cash incentive plan, and the intrinsic value of long-term incentive plan components, as valued on December 31, 2018 using the year-end share price. Options are valued based on spread value as of December 31, 2018. PSUs granted in 2015 resulted in zero realized value based on below-threshold relative TSR performance. For 2018 PSUs, 70% of the grant was eligible to vest based on net sales performance in 2018, with a maximum potential vesting level of 200% for the target PSU award. Given that we achieved 157% of the target net sales performance level, 505,567 of the 2018 PSUs will be eligible to vest annually over three years following grant. For the remaining 30% of the 2018 PSUs, vesting is based on 3-year relative TSR and therefore the value has not yet been determined.

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Compensation Program Governance

Our Compensation Committee is responsible for oversight of our compensation program. A significant part of this oversight is aligning management interests with our business strategies and goals, as well as the interests of our shareholders, while also mitigating excessive risk taking. We continually take steps to strengthen and improve our executive compensation policies and practices. Highlights of our current policies and practices include:

What We Do		What We Don t Do
Align executive compensation with corporate and individual performance	X	No guaranteed bonuses or salary increases
Maintain strong share ownership guidelines for our directors and executives	X	No repricing of stock options without shareholder approval
Maintain an appropriate balance between short-term and long-term compensation, which discourages short-term risk taking at the expense of long-term results	X	No dividends or dividend equivalents paid on unearned shares
Engage an independent advisor reporting directly to the Compensation Committee	X	No NEO excise tax gross-ups
Apply anti-pledging and anti-hedging policy for our shares		
Cap annual and long-term incentive payouts		
Require a one-year holding post-issuance period on all post-2017 equity grants for executive officers		
Apply an incentive compensation recoupment clawback policy		

Conduct compensation risk assessments

Actively engage with our shareholders

Objectives and Philosophy

We believe in providing a competitive total compensation package to our executive officers through a combination of base salary, annual cash bonuses, long-term incentives and severance and change-in-control benefits. Our executive compensation programs are designed to achieve the following objectives:

- align the interests of our executive officers and shareholders by motivating executive officers to achieve performance objectives that are intended to increase shareholder value;
- attract and retain talented and experienced executives to manage our business to meet our long-term objectives;
- motivate and reward executives whose knowledge, skills and performance are critical to our success;
- provide a competitive compensation package in which total compensation is determined in part by market factors, key performance objectives and milestones and the achievement level of these performance objectives and milestones by our executive officers; and
- reward the achievement of key corporate and individual performance measures.

Our Compensation Committee believes that our executive compensation programs should include short- and long-term performance incentive components, including cash and equity-based compensation, and should reward consistent performance that meets or exceeds expectations. The Compensation Committee evaluates both performance and compensation to make sure that the total compensation provided to our executive officers remains competitive relative to compensation paid by companies of similar size and stage of development, operating in the pharmaceutical industry and appropriately reflects our relative performance and our own strategic objectives.

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Compensation Determination Process

Role of Compensation Committee

The Compensation Committee seeks to ensure that our executive compensation program is properly rewarding and motivating our executive officers while aligning their goals with our business strategy and the interests of our shareholders. To do this, our Compensation Committee conducts an annual review of the aggregate level of our executive compensation and the mix of elements used to compensate our executive officers and historic compensation levels, including prior equity awards.

When setting executive compensation opportunities, the Compensation Committee considers several factors, including:

- each NEO s role and responsibilities;
- achievement of key performance objectives and milestones;
- market factors, such as compensation practices of peer companies;
- compensation survey data, as applicable, such as the Radford Global Life Sciences Survey; and
- retention concerns.

Role of Chief Executive Officer in Compensation Decisions

Our CEO typically evaluates the performance of other executive officers and other employees, along with the performance of the Company as a whole, against previously determined objectives, on an annual basis and makes recommendations to the Compensation Committee with respect to annual base salary adjustments, bonuses, cash performance incentives and annual equity awards for the other executives. The Compensation Committee exercises its own independent discretion in approving compensation for all executive officers and assessing corporate performance against the pre-established objectives. The CEO is not present during deliberations or voting with respect to his own compensation.

Risk Analysis

The Compensation Committee has reviewed our compensation policies applicable to our executive officers and other employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us. The design of our compensation policies and programs encourages our executive officers and other employees to remain focused on both our short- and long-term goals. For example, while our short-term cash incentive plan measures performance on

an annual basis, our equity LTIP awards, which consist of time-based equity awards (RSUs) and performance-based equity awards (PSUs) vest over a number of years. Furthermore, a portion of our PSUs require that we achieve a specified level of performance over multi-year periods, which we believe encourages our employees to focus on execution of our long-term strategy, thus limiting the potential value of excessive risk-taking.

Role of Independent Consultant

The Compensation Committee retains the services of third-party, independent executive compensation consultants from time to time, as it sees fit, in connection with the establishment of compensation programs and related policies. Since October 2016, the Compensation Committee has engaged Radford, an Aon Hewitt Company and a subsidiary of Aon plc (Radford), as its independent consultant. Total fees paid to Radford in 2018 were approximately $394,000. Radford was engaged to assist and advise on all aspects of compensation program design and pay setting, including, but not limited to, the following services:

- providing the Compensation Committee information on compensation-related trends and developments in the marketplace;
- informing the Compensation Committee of regulatory developments relating to executive compensation practices;
- advising the Compensation Committee on appropriate peer companies for compensation pay levels and design practices, as well as relative performance comparisons;
- assessing the executive compensation structure to confirm that no design elements encourage excessive risk taking; and
- assessing the relationship between executive compensation and corporate performance.

The Compensation Committee has assessed the independence of Radford according to the six factors mandated by SEC and Nasdaq listing standards. After conducting this assessment and considering any potential conflicts of interest, the Compensation Committee concluded that the continued engagement of Radford did not raise any conflict of interest and did not adversely affect Radford s independence.

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Peer Group

Although our Compensation Committee has historically used the Radford survey data as a tool in determining executive compensation, it typically has not used a formula or benchmark to set our executives compensation in relation to this data. Instead, the Compensation Committee generally references the 50th percentile of comparable peer companies in combination with multiple other factors, such as the executives respective levels of experience and responsibility in determining the total target cash compensation for all executives. The peer group used for making 2018 compensation decisions and comparative performance analysis was updated by our Compensation Committee in May 2017. Focusing on publicly traded commercial biotechnology and pharmaceutical companies, the selection criteria used were:

Headcount: between 500 and 4,500 employees

Net Sales: between $375 million and $4 billion

Market Capitalization: between $800 million and $10 billion

Using the above criteria, at the time of the peer review process, Horizon was determined to be positioned at the 67th percentile for headcount, 61st percentile for net sales and 29th percentile for 30-day average market capitalization.

Acorda Therapeutics	Impax Laboratories, Inc.	Nektar Therapeutics
Alkermes plc	Incyte Corporation	Pacira Pharmaceuticals, Inc.
BioMarin Pharmaceutical Inc.	Ionis Pharmaceuticals, Inc.	Seattle Genetics, Inc.
Assertio Therapeutics, Inc. (formerly Depomed, Inc.)	Jazz Pharmaceuticals plc	The Medicines Company
Endo International plc	Mallinckrodt plc	United Therapeutics Corporation

Our executive compensation program primarily consists of base salary, annual cash incentives and long-term incentives delivered through equity and cash awards. Employees in more senior roles have an increasing proportion of their total pay package at risk and tied to performance because they are in a position to have greater influence on our performance results.

Element	Form	Corporate Performance Period	Objective
Base Salary	Cash (fixed)	N/A	Recognition of an individual s role and responsibilities; provides competitive pay for retention purposes
Short-Term Incentive	Cash (variable)	Annual	Variable pay designed to reward achievement of annual financial and corporate objectives and individual goals
Long-Term Incentives	PSU awards (variable)	Multi-year or Annual	Promotes an ownership culture and aligns the interests of executives with those of shareholders; provides meaningful incentives for management to execute on longer-term financial and strategic growth goals that drive shareholder value creation; and supports our retention strategy
	RSU awards (variable)	N/A	
	Cash Incentive Program (CIP) (variable)	Annual	

Variable compensation is compensation in which the ultimate value received is contingent either 1) on performance, typically measured as financial, operational, or stock price performance, such as for PSUs; or 2) on the stock price value at the vesting date, such as for RSUs.

Base Salary

Base salaries for our executive officers are established based on the individual s scope of responsibilities, experience and market factors. Base salaries are generally reviewed annually, typically in connection with our annual executive compensation review process. The Compensation Committee references survey and peer group data to understand the marketplace for individuals in similar positions at the peer group companies.

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The annual base salaries of our NEOs as of March 1, 2018 and any increase from their prior base salary levels, if applicable, are as follows:

Executive		2018	% Increas
Timothy P. Walbert	$	1,081,500	3.0%
Paul W. Hoelscher	$	566,500	3.0%
Shao-Lee Lin, M.D., Ph.D.[1]	$	625,000	N/A
Robert F. Carey	$	545,900	3.0%
Barry J. Moze	$	593,280	3.0%

(1) Dr. Lin joined Horizon in January 2018. Her salary as disclosed in the above table represents her annualized base salary as set forth in her employment agreement. She did not receive an increase as of March 1, 2018.

Short-Term Incentives

Individual Bonus Opportunities

We provide performance-based cash annual bonuses as an incentive for our executives to achieve defined, quantitative corporate goals, as well as certain qualitative objectives. These bonuses may range in payout from 0% to 200% of targeted payout levels. The overall structure of this program remains unchanged since 2014.

The target bonus opportunities for Messrs. Walbert, Hoelscher, Carey and Moze remained unchanged from prior levels. Dr. Lin s bonus target opportunity was established by the Compensation Committee at the time of hire at a level consistent with that provided by our peer group and to other members of our executive team.

Bonus opportunities for 2018 were as follows:

	Threshold	Target	Maximum
Executive	(as a % of base salary)		

Timothy P. Walbert	86.25%	115%	230%
Paul W. Hoelscher	45%	60%	120%
Shao-Lee Lin, M.D., Ph.D.	45%	60%	120%
Robert F. Carey	45%	60%	120%
Barry J. Moze	45%	60%	120%

How It Works

Our annual incentive plan provides our executives the opportunity to earn annual performance-based cash awards based on the achievement of a combination of quantitative goals (70% weighting) and qualitative goals (30% weighting). The 30% qualitative goal weighting includes our business development goals, the focus of which has shifted to now include development-stage assets in addition to commercial-stage assets and quantifying business-development goals for development-stage assets is highly complex.

Quantitative Goals

The Compensation Committee established the quantitative goals for the 2018 plan year in February 2018, with the goals allocated between specific net sales goals for each of our three business units and adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) performance targets for the 2018 calendar year.

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Net Sales

The Compensation Committee established in February 2018 the net sales goals for each of our three business units and weighted the goals as set forth in the table below.

		Performance Levels				
Business Unit Net Sales ($ millions)	**Percentage of Target Bonus**	**Threshold 75%**	**Target 100%**	**125%**	**150%**	**Maximum 200%**
Orphan	15.00%	$470	$500	$518	$530	$545
Rheumatology	15.00%	$250	$280	$297	$315	$330
Primary Care	5.00%	$330	$365	$389	$405	$420

In setting the net sales goals for the 2018 plan year, the Compensation Committee determined to increase the weighting of the net sales goal for our orphan and rheumatology businesses and decrease the weighting for the primary care business from the 2017 plan year level. This adjustment was made because the orphan and rheumatology businesses comprise the Company s strategic growth business; they are the focus of the majority of our business investment and strategy; and we believe that our future net sales growth will be mainly driven by the performance of these two businesses.

Adjusted EBITDA(1)

Additionally, the Compensation Committee established the Adjusted EBITDA goals for 2018 as follows:

		Performance Levels				
Adjusted EBITDA ($ millions)(1)	**Percentage of Target Bonus**	**Threshold 75%**	**Target 100%**	**125%**	**150%**	**Maximum 200%**
	35.0%	$360	$390	$413	$435	$450

(1) Adjusted EBITDA: Adjusted earnings before interest, taxes, depreciation and amortization and other amounts (EBITDA) is used and provided as a non-GAAP financial measure so our investors have a more complete understanding of our financial performance. In addition, this non-GAAP financial measure is among the indicators our management uses for planning and forecasting purposes and measuring our

performance.

Qualitative Goals

The three qualitative goals (with a total weighting of 30%) for 2018 were:

High-Performing Culture (10%)

Ensure corporate culture of compliance by ensuring effective processes and training are in place.
Achieve scores at or above external benchmarks in employee surveys.
Implement key leadership development programs.

Business Development (10%)

Continue to grow and diversify the product portfolio and pipeline by announcing and/or completing new transactions that advance our strategic growth goals and meet or exceed pre-determined acquisition criteria.

Robust Research and Development Organization (10%)

Establish a high-performing R&D organization and hire key roles to upscale capability and performance.
Achieve key clinical and regulatory milestones.

The Compensation Committee chose these qualitative goals because these are the best indicators of the achievement of our operating plan, and they represent the factors most critical to increasing total shareholder value.

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How Did We Do?

Actual results in 2018 for each quantitative goal were as follows:

Quantitative Goal (70% Weighting) ($ millions)	2018 Performance Percentage of Target Bonus	Actual	% Achieved
Net Sales			
Orphan	15.0%	$509	113.1%
Rheumatology	15.0%	$322	173.7%
Primary Care	5.0%	$376	111.6%
Adjusted EBITDA			
Full Year 2018	35.0%	$451	200%
Aggregate Quantitative Performance Achieved			118.7%

In addition, the Compensation Committee considered the qualitative measures (as described above) to be achieved at 150.0% of the 30% qualitative target, or 45%, for the year. This achievement level was determined based on numerous factors.

With respect to our **high-performing culture objectives**, we made significant investments in executive management and other key talent and received multiple 2018 workplace awards that underscore the engagement of our employees. Great Place to Work® and *FORTUNE Magazine* selected Horizon as the Number One place to work on *FORTUNE* s Best Workplaces in Health Care & Biopharma list. We were recognized by *PEOPLE Magazine* and Great Place to

Work® as one of the 2018 50 Companies That Care, a list that spotlights companies with 1,000 or more employees that have succeeded in business while also demonstrating respect, compassion and concern for their communities, their employees and the environment list. We were designated one of the Best and Brightest Companies to Work for in the Nation, in addition to being awarded a 2018 Best Places to Work in Chicago designation by *Crain s Chicago Business*, as well as being named to its 10 Best Places to Work for Women list. The Compensation Committee considered this objective to be achieved at 150.0%.

With respect to our **business development objectives**, in 2018 we announced the addition to the pipeline of two preclinical development programs for next-generation uncontrolled gout biologics: 1) the acquisition of licensing rights to HZN-003, a potential next-generation biologic for uncontrolled gout with optimized uricase and PEGylation technology, and 2) a collaboration with XL-protein GmbH to identify clinical-stage product candidates that could use PASylation technology to extend the half-life of uricase. Both programs have the potential for subcutaneous dosing, which would enhance patience convenience. In 2018, we also sold the rights to interferon gamma 1b, known as IMUKIN, outside of the United States, Canada and Japan, as well as the rights to RAVICTI and AMMONAPS® (known as BUPHENYL in the United States) outside of North America and Japan. These transactions further simplified our business outside the United States for these products for an attractive price. The Compensation Committee considered this objective to be achieved at 100.0%.

With regards to our **research and development organization objectives**, we hired Shao-Lee Lin, M.D., Ph.D., to head the research and development organization in January of 2018. Dr. Lin, an accomplished pharmaceutical executive, physician and scientist with more than 20 years of academic and clinical research experience, is driving the expansion or our pipeline in line with our strategic focus. Since joining the Company, she has enhanced the organization and its capabilities, including the addition of four key leadership roles that expand our development capabilities, support our business development team in evaluating and identifying development-stage opportunities and lead our therapeutic areas from a clinical development strategy and portfolio management perspective. With respect to clinical and regulatory milestones, in 2018, we initiated the teprotumumab Phase 3 study, which completed enrollment well ahead of schedule and with patient enrollment exceeding our target. In addition, we presented additional Phase 2 data that demonstrate the potential of teprotumumab to be a disease-modifying therapy. To enhance our market leadership in uncontrolled gout and provide benefit to a greater number of uncontrolled gout patients, we initiated MIRROR, a company sponsored immunomodulation study evaluating the administration of KRYSTEXXA with methotrexate to potentially improve the durability of response rate of KRYSTEXXA. The Compensation Committee considered this objective to be achieved at 200.0%.

With the achievement percentage for the quantitative objective of 118.7% and the achievement percentage for the qualitative objective of 45.0%, the total achievement percentage for both objectives was 163.7%.

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In February 2019, based on management s recommendations and the Compensation Committee s own review, deliberation and determination of achievement of the corporate objectives listed above, along with determination of the NEOs individual contributions toward meeting those objectives described above, the Compensation Committee approved cash bonus awards for our NEOs as follows, which were paid in March 2019:

Executive	2018 Target Bonus Opportunity	Total % of Target Bonus Earned	2018 Earned Annual Incentive
Timothy P. Walbert	$ 1,237,869	163.7%	$ 2,026,436
Paul W. Hoelscher	$ 338,300	163.7%	$ 553,809
Shao-Lee Lin, M.D., Ph.D.	$ 371,918	163.7%	$ 608,842
Robert F. Carey	$ 325,998	163.7%	$ 533,670
Barry J. Moze	$ 354,292	163.7%	$ 579,989

There were no additional discretionary bonuses awarded to our NEOs in 2018 other than a sign-on bonus awarded to Dr. Lin in January 2018 in connection with her joining the Company, as described below.

Long-Term Incentives

Our Compensation Committee believes in a strong pay-for-performance program and culture which encourages a long-term focus from the executive officers and aligns their interests with those of our shareholders. To achieve this, the Compensation Committee utilizes several different vehicles for our long-term awards:

Time-based equity awards: RSUs;

Performance-based equity awards: PSUs; and

Cash Incentive Plan (CIP).

The Compensation Committee introduced regular, annual equity awards beginning in 2018. This followed the grant of front-loaded equity awards in 2015, which were intended to serve as equity compensation for a three-year period. During that ensuing three-year period, we did not maintain a practice of making regular, annual grants, and executive officers did not receive refresher grants in 2016 or 2017. While we believe this was appropriate at the time, after shareholder feedback and other market considerations, the Compensation Committee has introduced regular, annual equity awards beginning in 2018, which we plan to continue going forward.

2018 Long-Term Incentive Grants

In light of market competitiveness and investor feedback, we decided to move away from making front-loaded triennial grants and instead adopted a regular, annual long-term incentive grant schedule. To begin this practice, in January 2018 we granted the executive officers equity awards, in the form of RSUs and PSUs, as well as implemented the CIP.

In order to further align the interests of our executive officers with those of our shareholders, we award a higher percentage of performance-based equity compensation than the majority of our industry peers. In addition, our performance-based equity compensation is aligned with all of our stated compensation objectives, including linking executive pay with performance. Further, we believe that a move to annual grant cycles will allow us to more easily manage shareholder dilution and burn rate, while still providing market-competitive incentive opportunities.

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We believe these grants align the interests of our executive officers and shareholders in two ways:

- a large portion of the equity grants and all of the CIP awards vest contingent on performance and also have a continued service requirement; and
- equity grants have a one-year holding period after any vested shares are issued.

	2018 Long-Term Incentive Plan Components		
	PSUs	RSUs	CIP
Performance Criteria/Period	70%: 2018 Net Sales for business units	N/A	70%: KRYSTEXXA 2018 vial sales growth
	30%: Three-year Relative TSR (2018-2020)		30%: Teprotumumab Phase 3 enrollment progress at Dec. 31, 2018
Maximum Award	200% of Target Award	N/A	150% of Target Award
Service Vesting period	70% (2018 Net Sales): Three equal annual installments	Vest one-third annually over three years	Three equal annual installments
	30% (Relative TSR): Three-year cliff vesting		
Post-Issuance Holding Period	1 year	1 year	N/A

TSR: total shareholder return.

Equity Awards

In January 2018, we awarded a mix of performance-based PSUs and time-vested RSUs to key executive participants.

Vesting of these equity awards, as described below, was also generally contingent on shareholder approval of an amendment to our Amended and Restated 2014 Equity Incentive Plan which we received on May 3, 2018.

Our NEOs received the following RSU and PSU awards in January 2018:

Executive	RSUs *(number)*	PSUs *(target number)*
Timothy P. Walbert	458,899	458,899
Paul W. Hoelscher	197,087	197,087
Shao-Lee Lin, M.D., Ph.D.	97,087	97,087
Robert F. Carey	197,087	197,087
Barry J. Moze	51,779	51,779

The time-vested RSUs vest in three equal annual installments commencing January 5, 2018.

The PSUs utilize two performance metrics, a short-term component tied to business performance and a long-term component tied to relative TSR. Shareholder feedback informed our decision to include both the short- and long-term metrics. The Compensation Committee approved the following weightings and performance target goals for the PSUs in January 2018:

Net Sales (70%). This portion of the PSU award is determined by the net sales for each of our business units in 2018, weighted with the rheumatology and orphan business units comprising the majority of the 70% target because together they comprise the Company s strategic growth business. The orphan and rheumatology businesses are the focus of the majority of our business investment and strategy, and we believe that our future net sales growth will be mainly driven by the performance of these businesses.

Relative TSR (30%). This portion of the award is determined by our relative TSR performance over a three-year period ending December 31, 2020, as measured against the components of the NBI.

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70% of the PSUs were eligible to vest based on actual 2018 net sales performance of our three business units in relation to the net sales performance goals as set forth in the chart below:

Net Sales PSU Performance Goals ($ millions)						
Multiplier	**0%**	**50%**	**100%**	**125%**	**150%**	**200%**
Orphan Business Unit	<$470	$ 470	$ 495	$ 510	$ 525	$ 540
Rheumatology Business Unit	<$225	$ 225	$ 245	$ 260	$ 280	$ 300
Primary Care Business Unit	<$350	$ 350	$ 360	$ 375	$ 385	$ 400

The maximum number of PSUs that may vest is 200% of the target number of PSUs.

In addition to aligning executive interests with shareholders by tying vesting of a meaningful percentage of equity compensation to performance hurdles, we are in further alignment by implementing a 12-month post-issuance holding period on all new equity awards for our executive officers, including our NEOs.

How Did We Do?

Actual net sales results for 2018 were as follows for each of our business units:

2018 Performance ($ millions)			% Net Sales PSU Goal Achieved
	Weighting	**Actual**	
Total Net Sales			
Orphan Business Unit	25%	$ 509	124.0%
Rheumatology Business Unit	30%	$ 322	200.0%
Primary Care Business Unit	15%	$ 376	127.8%

Accordingly, our net sales attainment was at 157% of the target, and our executives determined net sales PSUs are as follows:

Executive	Net Sales PSU	Determined

	(Target Number)	Net Sales PSU
Timothy P. Walbert	321,330	505,567
Paul W. Hoelscher	137,960	217,127
Shao-Lee Lin, M.D., Ph.D.	67,960	106,957
Robert F. Carey	137,960	217,127
Barry J. Moze	36,246	57,042

The determined net sales PSUs were eligible to vest in three equal annual installments subject to the executive s continued service, with the first vesting installment on January 5, 2019. The actual earned shares for the first vesting installment were not released, however, until performance was certified by the Compensation Committee on February 20, 2019. Determination of the level of attainment of the relative TSR PSUs will be made following the three-year performance period ending December 31, 2020.

Cash Incentive Program

In addition to the equity compensation awards described above, the Compensation Committee also approved a performance-based cash incentive program, the CIP, for our executive officers, including the NEOs, to motivate executives to achieve certain financial and business-related milestones related to our current strategic business initiatives and long-term strategy. The 2018 CIP was a program that will not be continuing in 2019.

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Our NEOs received the following cash incentive target awards in January 2018:

Executive	Cash Incentive Program Target Award
Timothy P. Walbert	$ 3,000,000
Paul W. Hoelscher	$ 900,000
Shao-Lee Lin, M.D., Ph.D.	$ 500,000
Robert F. Carey	$ 900,000
Barry J. Moze	$ 500,000

These performance-based cash incentives were eligible to be earned if we achieved key milestones in our rheumatology and orphan business units:

KRYSTEXXA vial sales growth in 2018 (70%)

Teprotumumab target patient enrollment levels in the Phase 3 clinical trial by December 31, 2018 (30%)

The KRYSTEXXA vial sales growth target for 2018 was determined compared to 2017 levels. If the level of KRYSTEXXA vial sales during 2018 was not at least 35% greater than 2017 levels, then no cash bonus would be earned in respect of the KRYSTEXXA portion of the CIP. The applicable percentage of the KRYSTEXXA portion of the CIP award eligible to be earned was as follows:

Increase in KRYSTEXXA Vial Sales	% of KRYSTEXXA Portion Earned

<35%	0%
35%	75%
50%	100%
65%	150%

The level of attainment of the teprotumumab Phase 3 clinical trial enrollment performance goal would be determined based on the number of new patients who enroll in the teprotumumab Phase 3 clinical trial during the 2018 calendar year:

Number of Teprotumumab Enrolled Patients	% of Teprotumumab Portion Earned
<40	0%
40	75%
60	