Returning $250 million via synthetic share repurchase

QIAGEN EGM – Supplemental information
October 2016

Disclaimer

Safe Harbor Statement

Certain statements contained in this press release may be considered forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. To the extent that any of the statements contained herein relating to QIAGEN's capitalization, the value of its shares, the amount and timing of any payment to its shareholders, the timing and effects of the proposed synthetic share repurchase and other share repurchase programs, and its corporate objectives are forward-looking, such statements are based on current expectations and assumptions that involve a number of uncertainties and risks. Such uncertainties and risks include, but are not limited to, QIAGEN’s receipt of stockholder approval for the synthetic share repurchase, market conditions, including currency exchange rate fluctuations, global financial instability, industry conditions, the timing of the transactions, the price of its common shares, its ability to complete the transaction and its ability to repurchase its shares in the open-market, its investment profile and its ability to attract future financing. For further information, please refer to the discussions in reports that QIAGEN has filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC).

Synthetic share repurchase: Summary

- Proposal for synthetic share repurchase plan to return $250 million to shareholders
  - Established Dutch process combines direct capital repayment with reverse stock split
  - Applied by many Dutch multinationals with broad, international shareholder bases
- Advantages:
  - Enhance future earnings per share (EPS)
  - Fast return of cash to shareholders
  - No Dutch dividend withholding tax applicable
- Key element of commitment to return $300 million to shareholders by end of 2017
  - Complete additional $50 million via open-market repurchases during 2017 after initial $250 million through the synthetic share repurchase plan
- In line with policy to increase returns to shareholders and invest in profitable growth
  - Maintaining a non-rated investment grade credit profile
  - Retaining a range of attractive debt financing options

Synthetic share repurchase: Process overview

- Proposal to adjust QIAGEN's capital structure involves these steps:
  - Increase par value of shares through transfer from the Share Premium Reserve (included in "Additional Paid-In Capital") to allow for capital repayment
  - Reverse stock split consolidates all shares at a ratio equal to market value of the total number of outstanding shares less the capital repayment, divided by the market value of the outstanding shares
  - Capital repayment is paid out to shareholders, and the par value is reduced to the original EUR 0.01 per share
- Intention to complete process by early January 2017
  - Shareholders to vote at EGM on four amendments to the Articles of Association
  - Two-month creditor objection period after EGM shareholder approval (per Dutch law)

Synthetic share repurchase: Illustrative example for investor

ILLUSTRATIVE EXAMPLE

Current holding

25 shares @ $26.00

Total value:
$650.00

Reverse stock split (24 for 25)

24 Shares @ $26.00

Share value:
$624.00

Capital repayment

Repayment[1] @ $1.0833 per share

Cash value:
$26.00

Total value:
$650.00

(1) Actual consolidation ratio will be determined by the Management Board..

Synthetic share repurchase: Illustrative example of process steps

ILLUSTRATIVE EXAMPLE

Current situation

Share Premium Reserve

Par value per share

25 shares

Illustrative example based on:

- ~234 million outstanding shares (excl. treasury shares)
- Share price of $26.00
- Share consolidation ratio of 25 to 24
- FX rate of $1.12 = EUR 1.00

Step 1
Increase par value

Share Premium Reserve

Par value per share

25 shares

EGM agenda item (Step 1)

- Par value per share is increased to EUR 1.20 from EUR 0.01 to allow for capital repayment of EUR 0.9673 (or $1.0833)

Amendment to the Articles of Association to increase the par value of shares

Step 2
Reverse stock split

Share Premium Reserve

Par value per share

25 to 24 shares

EGM agenda item (Step 2)

- Reverse stock split based on consolidation ratio (example uses 25 to 24)
- 4% reduction of outstanding shares to ~225 million from ~234 million
- EUR 0.9673 ($1.0833) is equal to 4% of share price after split

Amendment of Articles of Association to execute the reverse stock split

Step 3
Capital repayment

Share Premium Reserve

Capital repayment per share

Par value per share

24 shares + $26.00 cash

EGM agenda item (Step 3)

- Cash repayment of $1.0833 per share (post split) or 24 x $1.0833 = $26.00
- Par value returned to EUR 0.01

Amendments of Articles of Association to decrease par value of common shares, including a reduction of capital, and the treatment of fractional shares

Synthetic share repurchase: Illustrative example of formulas

ILLUSTRATIVE EXAMPLE

Reverse stock split ratio

The consolidation ratio will determine:

(i) the number of Common Shares resulting from the share consolidation

(ii) the new par value of the Common Shares after the first and second amendment of the Articles of Association; and

(iii) the amount repaid per Common Share post consolidation.

Consolidation ratio

The consolidation ratio is calculated as follows:

$$\frac{\mathrm{A} - \mathrm{B}}{\mathrm{A}} = \mathrm{Y}$$

A = the market value of the outstanding Common Shares on a date and time to be determined by the Managing Board.

B = the total amount of the repayment of capital to holders of Common Shares.

Y = the consolidation ratio.

Determining new par value

The new par value of the Common Shares as a result of the reverse stock split will be determined as follows:

$$\frac{X}{Y} = Z$$

X = the par value of Common Shares before the reverse stock split (consolidation) of the Common Shares.

Y = the consolidation ratio.

Z = the par value of Common Shares after consolidation.

Capital repayment per share

Since the repayment per Common Share will take place after the reverse stock split, the amount repaid per Common Share depends on the applicable consolidation ratio.

$$\frac{B\ /\ D}{Y} = E$$

B = the aggregate amount of the repayment of capital to the holders of the Common Shares.

D = the total number of outstanding Common Shares before the reverse stock split.

Y = the consolidation ratio.

E = the total amount of repayment of capital per Common Share after the reverse stock split.

Synthetic share repurchase: Illustrative example of timeline

September 2016	Invitation to Extraordinary General Meeting of Shareholders (EGM)
	At least 42 days for convocation (per Dutch law)
Late October 2016	EGM held in Venlo, the Netherlands
	Start of two-month creditor opposition period (per Dutch law)
Late December 2016	Declaration of no opposition
Early January 2017	Announcement of transaction details, including final repayment amount, reverse split ratio, record date and cash payment date