

Statement by the Supervisory Board of Exiqon A/S

The original document is in Danish. The following is a translation:

Statement by the Supervisory Board of Exiqon A/S (the "Supervisory Board") under section 23 of the Danish FSA's Executive Order no. 562 of 2 June 2014 on takeover bids (the "Executive Order on Takeover Bids") concerning the voluntary, conditional and public offer (the "Offer") submitted on 19 April 2016 by Qiagen N.V. (the "Offeror").

1. INTRODUCTION

1.1 The Offer

The Offer has been received on the terms and conditions stated in the offer document published by the Offeror on 19 April 2016 (the "Offer Document").

Under the Offer, the Offeror offers the shareholders of Exiqon A/S (the "Shareholders"), subject to certain conditions, to acquire all shares in Exiqon A/S ("Exiqon" or the "Company") of a nominal value of DKK 1.00 (the "Shares") against payment of a cash consideration of DKK 18.00 for each share (the "the Offer Price").

In the Offer Document, the Offeror declares having fully sufficient cash funds to buy and pay for all the Shares acquired under the Offer subject to the terms stated in the Offer Document.

1.2 The Object of the Statement

Under section 23(1) of the Executive Order on Takeover Bids, the supervisory board of a listed company made subject to a public offer must prepare a statement accounting for the supervisory board's position on the offer and its grounds for taking such position, including the Supervisory Board' position on the consequences of the offer for all of the company's interests and the offeror's strategic plans for the Target company and the likely consequences of such plans for the employment and the establishments as set out in the Offer Document. The statement is governed by Danish law.

2. EXIQON

2.1 Exiqon's business operations

Exiqon is a growing business undergoing constant changes and holding great potential with matching risks. Exiqon operates in two business segments exploiting the synergies between development and sale of products for research use – Exiqon Life Sciences – and the development of diagnostic tests – Exiqon Diagnostics. Exiqon's Life Sciences products for research use constitute the basis for Exiqon Diagnostics' development of tests for measuring biomarkers. The results that Exiqon obtains through its diagnostic product development also serve as a means to illustrate the strength of the Company's products and the potential of the biomarkers the Company's products can measure, which again helps support the demand for these products for research use.

During the past five years, Exiqon has experienced an increase in revenue, gross profit and earnings despite very limited capital resources (for more details see item 2.2 below). During the same period, Exiqon's markets have undergone major changes. New technologies for sequencing have gained an increasingly large foothold at the cost of existing technologies, including arrays in particular, which represented a DKK 19.2m annual sale for Exiqon in 2010 but declined to a mere DKK 4.7m in 2015. Exiqon has had to compensate for the lost markets through new initiatives. At 1 March 2013, Exiqon established a DKK 15m bond loan to finance new initiatives. The bond loan facilitated the establishment of a new sequencing service, which was launched in January 2014. This new service is still at an early stage but has already secured additional growth.

Exiqon's success in the market for microRNA analyses has made it difficult to grow further in this market in the short term. Since 2014, Exiqon has therefore focused its research and development resources on products and services used for analyses of all types of RNA and not only microRNA as was the case before.

In 2015, Exiqon introduced several products to markets that are significant and new to the company, including ExiLERATE LNA™ PCR a new portfolio of qPCR products for analysing mRNA (messengerRNA) and lncRNA (long non-codingRNA). Exiqon also introduced new Antisense LNA™ GapmeR products for functional analyses of mRNA and lncRNA. The ExiLERATE LNA™ PCR products have not yet contributed noticeably to growth, whereas the Antisense LNA™ GapmeR products marketed in 2013 are presently contributing substantially to the company's growth.

Exiqon made an announcement on 30 June 2015 that the Company has developed a unique cloud-based solution, XploreRNA™, for the many customers working with RNA sequencing. The XploreRNA™ product addresses the bottlenecks in connection with data analyses and the difficulties with the design of products for validation of data experienced by users of RNA sequencing.

Exiqon is – through Exiqon Diagnostics – currently collaborating with Aarhus University Hospital in developing new tests for identification and stratification of prostate cancer. The collaboration has been funded by Innovation Fund Denmark. Exiqon expects to be able to publish additional data from these projects in the course of 2016. Positive data from these projects may significantly impact Exiqon's future commercial potential. On 2 September 2015, Exiqon secured all commercial rights to the biomarkers involved.

The sale of proprietary products and services increased by 25% in 2015 and several new products were launched into new markets with the potential for contributing significantly to future growth. Exiqon is a profitable business, it has no (net) debt and it has unused tax assets totalling DKK 97.8m (calculated on the basis of a 22% tax rate), which ensure a high value of future profits.

Exiqon's continued growth depends on whether new initiatives may be funded adequately, and for this reason Exiqon raised a bond loan totalling DKK 40m in November 2015 to finance the acquisition of new technologies and products to strengthen the existing product portfolio, including those within sequencing in particular.

2.2 Exiqon's 2015 full-year result in a five-year perspective

On 8 February 2016, Exiqon released its 2015 full-year result, the details of which are available in the Company's Annual Report 2015 and summarized below:

Revenue totalled DKK 162m in 2015, up 22% on the 2014 revenue totalling DKK 132.4m. Exiqon's growth depends on the sale of products and services for research in gene activity, which increased by 25% in 2015.

Gross profits rose 20% to DKK 102.6m in 2015 (DKK 85.2m in 2014).

Total operating costs rose 12% to DKK 98.9m in 2015 (DKK 88.3m in 2014) driven by increased costs for research and development as well as for sale and marketing.

Exiqon increased its profitability measured on EBITDA to DKK 12.2m in 2015 (DKK 3.1m in 2014). Operating profit (EBIT) improved to DKK 3.6m (DKK -3.1m in 2014).

Net result improved to DKK 5.9m in 2015 following partial capitalisation of Exiqon's tax assets (DKK -2.8m in 2014). The Company's profitability marked an important milestone.

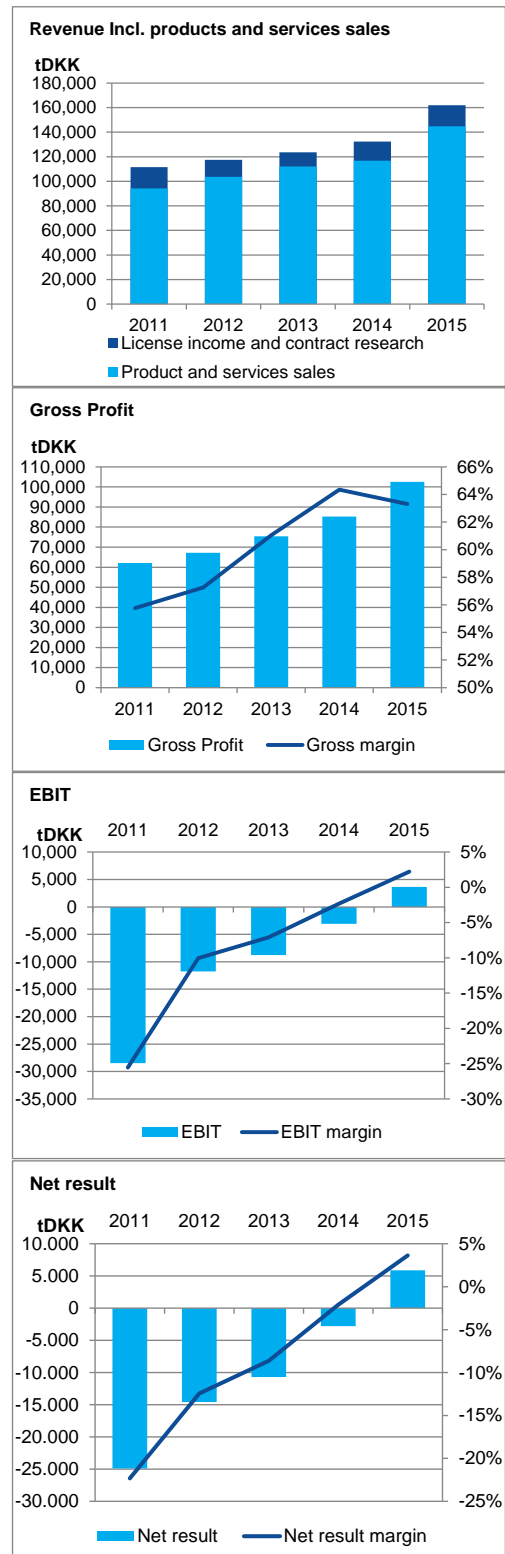
Earnings per share (EPS) improved to DKK 0.16 in 2015 (DKK -0.08 in 2014). Dividends were not distributed.

Cash flows from operating activities improved to DKK 16.1m (DKK -2.4m in 2014) facilitating loan financing through a DKK 40m issue of new notes.

At 31 December 2015, total assets amounted to DKK 183m (DKK 137.7m at the end of 2014).

Cash and cash equivalents amounted to DKK 56.2m, including total bond loans of DKK 55m at 31 December 2015.

Goodwill, most recently subjected to an impairment test in connection with the Annual Report 2015, amounted to DKK 49.4m at 31 December 2015.



2.3 Exiqon's financial outlook for 2016

Exiqon's financial outlook for 2016 was published together with the Company's Annual Report for 2015 on 8 February 2016: Exiqon expects total revenue between DKK 180-185 million driven by around 20% growth in sales of products and services (excluding OEM) with EBITDA of DKK 15-20 million (exclusive of shared-based costs) and EBIT more than doubling.

The outlook for 2016 is based on an average USD/DKK exchange rate between DKK 6.75-7.00 and does not include any significant one-time income or extraordinary costs.

Extraordinary costs related to receipt and acceptance of the Offer are not reflected in the current financial outlook for 2016. If the Offer is accepted by the shareholders, this will result in extraordinary costs in the form of financial and legal advisory fees in addition to a transaction bonus to the Executive Management under a program granted by the Board of Directors in October 2015 at a total of approximately DKK 25 – 30 million. In the absence of shareholder acceptance of the Offer, extraordinary costs will expectedly be limited to advisory fees and not exceed DKK 5 million.

Exiqon publishes first quarter 2016 results on 26 April 2016.

2.4 Exiqon's long-term business and financial targets

By 2017, Exiqon expects continued double-digit growth from product and service sales from both operating segments (excluding OEM) and to meet our current long term financial objectives: to be profitable with gross margins of around 65-70%, R&D costs of approximately 15% of total revenue and SG&A costs approaching the goal of no more than 30% of total revenue.

2.5 Significant risks

Exiqon must maintain a high innovation level and continue to develop and introduce new products to sustain future growth. Summing up, the most significant risks facing the Company in this respect are as follows:

- Exiqon has limited capital resources compared with its competitors, which are typically large and well consolidated enterprises. In 2013 and most recently in 2015, Exiqon raised bond loans to strengthen its capital base to secure future growth opportunities, but beyond that Exiqon has no substantial liquid funds and is, therefore, exposed in times of adversity.
- Exiqon has had difficulties in attracting and retaining sufficiently skilled staff. Exiqon offers good development opportunities, but cannot compete in terms of wages with, for instance, the large pharmaceutical companies seeking staff with the same skills and expertise as those demanded by Exiqon.

Exiqon's Life Sciences business is focused on new and emerging markets for products and services to measure gene expression (analysis of RNA molecules). Future demand is naturally subject to uncertainty. The markets for Exiqon's products and services are very dynamic and characterised by a high degree of innovation and competition. Therefore, it is not to be taken for granted that the positive trend experienced by the Company during the past years will continue.

Exiqon's diagnostic activities are associated with biological risks as a result of the still unknown characteristics of the biomarkers applied. Exiqon seeks to mitigate such risks through careful selection and planning and, in particular, through participation in consortia funded by third parties such as Innovation Fund Denmark and the EU, both of which contribute to verifying the selection and development processes of all programmes. Exiqon is dependent on a third party commercialising positive test results from these diagnostic development programmes, and the terms of a commercial agreement are still not known.

2.6 Change of control

Exiqon has established a bond loan, which includes provisions that may take effect in the event of change of control. The Supervisory Board refers to the Company's website where the terms and conditions for the Company's bond loan are available. Exiqon has not entered into any material contracts with customers and suppliers which include provisions that may take effect in the event of change of control.

2.7 The process

The Offer submitted on 19 April 2016 has been negotiated by the Supervisory Board and the Offeror following an unsolicited, non-binding indication of interest by the Offeror extended to the Supervisory Board earlier this year.

The Supervisory Board and the Offeror entered into a negotiation that resulted in the Offeror announcing its intention to make an Offer on 29 March 2016 including an Offer Price of DKK 18.00 per Share and the subsequent publication of the Offer Document on 19 April 2016.

2.8 The Offer Price

The price of the Company's Shares has not developed in parallel with the Company's improved results over the past five years, instead it has been characterised by volatility and lack of liquidity as has the price of all other shares in the Small Cap segment on Nasdaq Copenhagen. Therefore, it is not certain that the Company's potential value creation may be translated into a higher value per Share for the benefit of the Company's shareholders.

The Offer Price compared with various relevant comparable prices:

Date/Period	Price per Share (DKK)	Premium compared to historic price per Share (%)
Closing price at Nasdaq Copenhagen on 29 March 2016 (date of Offerors announcement of the Offer)	12.70	41.7
Average closing price at Nasdaq Copenhagen during past three months up to and including 29 March 2016 (date of Offerors announcement of the Offer)	11.77	52.9
Average closing price at Nasdaq Copenhagen during past six months up to and including 29 March 2016 (date of Offerors announcement of the Offer)	11.53	56.1

2.9 Fairness opinion

For use in its assessment of the Offer, the Supervisory Board has obtained a fairness opinion from the independent adviser Carnegie Investment Bank AB 2016 ("Carnegie") dated 19 April 2016.

Carnegie concludes as follows:

"Based upon and subject to the foregoing, Carnegie is of the opinion that, as at the date hereof, the Consideration is, from a financial point of view, fair to the Shareholders and Warrantholders."

2.10 Exiqon's shareholders

Exiqon has a total share capital of DKK 36,874,082 divided into 36,874,082 shares of a nominal value of DKK 1.

Exiqon has approx. 3,000 shareholders. The following shareholders have reported ownership in excess of 5% of the Shares and voting rights:

- ATP (Danish Labour Market Supplementary Pension Fund): >10%

At 19 April 2016, Exiqon's holding of treasury shares totalled: 5,000.

3 THE SUPERVISORY BOARD'S EVALUATION OF FACTORS RELATING TO THE OFFER

The Supervisory Board has evaluated a number of factors that relate to the Offer:

3.1 Advantages to the Shareholders

In the opinion of the Supervisory Board, the Offer involves the following material advantages to the Shareholders:

- The Offer Price reflects a fair balance between the Company's opportunities and the risks which the Company may have to handle in a stand-alone scenario.
- The Offer Price reflects a substantial premium relative to the Company's current price per Share and the historical price per Share during the past five years.
- Shareholders will receive consideration in cash.
- All Shareholders will have the option of selling their total shareholding and thus handling the illiquidity characterising the market of Small Cap shares on Nasdaq Copenhagen in general and the Company's Shares in particular.
- The Offer Price is not conditional upon further due diligence investigations.
- The Offer is solely subject to acceptance from no less than 90.0% of the Company's shareholders but not subject to approval by the competition authorities.

3.2 Disadvantages to the Shareholders

In the opinion of the Supervisory Board, the Offer involves the following disadvantages to the Shareholders:

- The Offer Price does not necessarily reflect a premium in conformity with the market in respect of the future value of the Company's Shares in a liquid market if all the Company's plans for the future may be realised in time, including the Company's significant, new and planned product launches of XploreRNA™ and the Company's diagnostic tests for prostate cancer currently being developed.
- If the Offer is completed, the Offeror will gain the requisite majority for the Offeror to execute important decisions as the major shareholder without any of the other Shareholders being able to put up resistance, including through the election of independent members to the Supervisory Board.
- If the Offer is completed, but the Offeror fails to gain an adequate ownership share to delist the Company from Nasdaq Copenhagen, the Shareholders will not be guaranteed the option of trading their Shares in a transparent market at an objectively fixed price.

3.3 The Offeror and the consequences of the Offer for the Company's interests and employment

For a description of the Offeror, please refer to the Offer Document. The Supervisory Board relies on the plans for the Company as stated by the Offeror in the Offer Document.

The Supervisory Board has taken note of the Offeror's strategic plans for Exiqon and the likely consequences for the employment and establishments of Exiqon as described in the Offer Document, including in particular the Offeror's opinion that the execution of the Company's strategy will involve substantial synergies and less risk if the Offeror and its subsidiaries are in charge rather than if the Company is to handle it on a stand-alone basis, an opinion which the Supervisory Board can only approve.

4 INFORMATION ON CERTAIN INTERESTS

4.1 Ownership shares of the Supervisory Board and the Executive Management Board

The members of the Supervisory Board and the Executive Management Board hold no direct or indirect ownership shares in the Offeror.

Members of the Supervisory Board and the Executive Management Board own shares and subscription rights in the Company as stated in Appendix 1.

4.2 Bonus payments

The submission of the Offer does not trigger any bonus payments to members of the Supervisory Board or the Executive Management Board. On completion of the Offer, the Executive Management Board will receive bonus payments pursuant to a bonus agreement of October 2015 corresponding to three years' remuneration as a function of the Offer exceeding the closing price at Nasdaq Copenhagen on 29. March 2016 (date of Offerors announcement of the Offer) by 41.7%.

5 CONCLUSION

In consideration of the above and the Offeror's declared intentions regarding the future development of Exiqon and its subsidiary, and having regard to the fairness opinion provided, the members of the Supervisory Board have unanimously adopted the following recommendation:

- The Shareholders should accept the Offer, which represents a fair value of the Company's Shares subject to the uncertainties involved in the Company's future development, including access to necessary capital and qualified labour.

Vedbæk, 19 April 2016

The Supervisory Board of Exiqon A/S

Erik Walldén, Chairman

Thorleif Krarup, Vice-chairman

Michael Nobel

Per Wold-Olsen

Rodney Turner

Appendix 1: Ownership shares and subscription rights of the Supervisory Board and the Executive Management Board at 19 April 2016

	Shares (number)	Subscription rights (number)
Erik Walldén, Chairman	44,500	-
Thorleif Krarup, Vice-chairman	286,642	-
Michael Nobel, Board Member	77,345	-
Per Wold-Olsen, Board Member	159,736	-
Rodney Turner, Board Member	-	-
Lars Kongsbak, CEO	143,389	2,681,306*
Hans Henrik Chrois Christensen, CFO	100,000	1,340,653*

*) The subscription rights held by the members of the Executive Management Board are divided among various schemes with different strike prices as stated below:

Scheme	Subscription rights	Strike price at 31 December 2015	Earned at 31 December 2015
March 2012			
Lars Kongsbak	1,512,566		1,512,566
Hans Henrik Chrois Christensen	756,283		756,283
	<u>2,268,849</u>	14.11	<u>2,268,849</u>
August 2013			
Lars Kongsbak	368,740		245,827
Hans Henrik Chrois Christensen	184,370		122,913
	<u>553,110</u>	9.26	<u>368,740</u>
November 2015			
Lars Kongsbak	800,000		0
Hans Henrik Chrois Christensen	400,000		0
	<u>1,200,000</u>	10.56	<u>0</u>