

DIGENE CORP
Form 425
June 04, 2007

Sample & Assay Technologies
QIAGEN
DIGENE: Creating a Leader in MDx, June 4, 2007

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QIAGEN & DIGENE
Announce Merger
The New Market and Technology Leader in
Molecular Diagnostics
Employee Meeting
Germantown, June 4th 2007
June 4, 2007, 1:00am EST
Filed
by:
QIAGEN
N.V.
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Act
of
1934
Subject
Company:
Digene
Corporation
Exchange
Act
File
No.
000-28194

Sample & Assay Technologies

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QIAGEN/DIGENE

Creating a Leader in MDx

Creating a market and technology leading company in

sample and assay technologies in molecular diagnostics

.
QIAGEN and DIGENE announced yesterday
to combine the two companies
to create a market and technology leading company in
sample and assay technologies in molecular diagnostics

.
The Deal

Approved by Boards of Directors of both companies

QIAGEN

is

to

acquire

100%

of

DIGENE s

stock

\$1,6 billion, 55% in cash, 45% in stock

Conservatively financed

QIAGEN remains financially strong

.
This strategic transaction combines

QIAGEN s leading portfolio of sample & assay technologies
with Energy s leadership in HPV and cancer-targeted MDx

This creates a global leader with

over \$350 million of molecular diagnostics revenue and

\$700 million overall

2 600 employees

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QIAGEN/DIGENE
Creating a Leader in MDx

0

50
100
150
200
250
2003
2004
2005
2006
2007E

0
5
10
15
20
25
30
35
40
45

Revenues

Operating income

QIAGEN and DIGENE at a Glance

Revenues excluding the synthetic DNA business unit, sold in Q2 2004

Market-

and technology leader in

Sample & Assay Technologies

Founded:

1984

Headquarters:

Hilden, Germany

Germantown, MD

Employees:

1,990

International subs: 29

Rev 2006 (US\$ m) 466

Listing:

NASDAQ: QGEN

Frankfurt: QIA

Absolute market leadership in HPV MDx

testing, only FDA approved test

Founded:

1987

Headquarters:

Gaithersburg, MD

Employees:

570

International subs: 7

Rev 2006 (US\$ m) 178

Listing:

NASDAQ: DIGE

DIGENE figures converted to calendar year (CY)

0

50

100

150

200

250

300

350

400

450

500

550

2003

2004

2005

2006

2007E

0

20

40

60

80

100

120

140

160

Revenues

Operating income

Revenues CAGR

2003-2006

15%

Revenues CAGR

2003-2006

32%

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Creating a Leader in MDx

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MISSION

As the innovative market and technology leader, QIAGEN creates indispensable solutions that set standards in enabling access to content from any biological sample.

.
Our mission is to enable our customers to achieve outstanding success and breakthroughs in research, applied markets, drug development and **molecular diagnostics**. We thereby make improvements in life possible.

.
Our commitment to the markets we serve drives our innovation and leadership in all areas where solutions such as sample collection, stabilization, separation, purification, storage, handling and processing are required.

.
The exceptional talent, skill and passion of our employees are key to QIAGEN's excellence, success and value.

QIAGEN's Vision And Mission Statement

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QIAGEN/DIGENE
Creating a Leader in MDx
The Combination Accelerates

QIAGEN's Molecular Strategy

DIGENE's

highly

focused

strategy

in

MDx

is

a

unique

fit

with

QIAGEN

QIAGEN's

strategy:

leadership

in

Sample

&

Assay

Technologies

in research, pharma, applied testing and MDx

Same target customers in MDx

Superb brands and reputations

HPV

testing

is

fastest

growing,

large

segment

in

MDx

with

over \$1 billion market potential

DIGENE's

strong

IP

positions

in

HPV

over

70

subtypes

HPV bridges QIAGEN's virology leadership into emerging,

fast growing oncology segment

Important

HPV

assay
creates
unique
value
for
QIAGEN's
platforms
and assay breadth
Leading
regulatory
expertise

only
FDA
approved
test
for
HPV
Great fit with QIAGEN's emerging pipeline
Enhanced growth profile and combined profitability leads to
strong value creation
QIAGEN's Breadth and Platforms + DIGENE's
Content

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QIAGEN/DIGENE

Creating a Leader in MDx

The Combination Accelerates

DIGENE's

Development Goals

Highly attractive value for DIGENE shareholders

Significant premium today

Significant combined upside potential

Ongoing investment in the future

QIAGEN's unparalleled sample and assay technology breadth

creates opportunities for future:

Adds key assay technologies such as multiplexing

(QIAplex), PCR, isothermal technologies

Adds key sample technologies such as DNA processing

from cervical swabs

QIAGEN's broad assay portfolio offers new value for

DIGENE's

customers and

Next generation platform programs

QIAGEN's global sales strength accelerates rapid and global rollout

DIGENE

can

utilize

QIAGEN's

operations

and

infrastructure

which

are

needed for next phase of growth

QIAGEN's Breadth and Platforms + DIGENE's

Content

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QIAGEN/DIGENE

Creating a Leader in MDx

Absolute leadership in key segment of MDx: HPV testing

The DIGENE

HPV Test portfolio is the only FDA-approved test
portfolio for the human papillomavirus
(HPV)

Exclusive IP positions on key high-risk types >70 HPV types

Regulatory leadership

Focus on women's health

Portfolio includes molecular diagnostic products for
HPV (over 10 million tests sold in 2006)

Chlamydia and gonorrhea

Blood viruses such hepatitis B and CMV

Proprietary Hybrid Capture technology

Markets its products in more than 40 countries worldwide

Headquartered in Gaithersburg, Maryland

Overview of DIGENE Corporation

Leader in Critical Area of Women's Health

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QIAGEN/DIGENE

Creating a Leader in MDx

A Critical Disease Target: Human Papilloma

Virus (HPV)

Cervical cancer is the #2 cancer for women worldwide

WW over 470k cases/year causing more than 230k deaths

In US almost 10k cases/year, more almost 4k deaths

One woman dies every two minutes from cervical cancer

HPV is the proven cause of cervical cancer

Pool of eligible

candidates for DIGENE HPV screening is

huge and largely untapped

DIGENE is positioned as the standard of care

for cervical

cancer screening

Prevalence of HPV in Cervical Cancers Worldwide 99.7%

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QIAGEN/DIGENE

Creating a Leader in MDx

Vaccines are a Key Growth Driver for HPV Testing

Vaccines Are a Great Growth Driver for HPV Testing

Significant marketing budgets advocating importance

Target age groups

Target vaccination age: 10-20 years

Target testing age: >30 years

It would take >20 years to phase over

Vaccinations

Limited to 2 high risk

HPV types

(70% of cancers)

DIGENE HPV Test tests for 13 types

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QIAGEN/DIGENE

Creating a Leader in MDx

Significant Synergy Value

Highly Synergistic Capabilities and Assets

Sales (Q1*4)

512

210

Sales in MDx

(approx)

154

210

Sales strength

Global

North America

Sales force size in MDx

120

150

Sales force target in MDx

Clinical Laboratories

Clinical Laboratories,

Physicians

Assay portfolio

Broad: 120 tests -

virology,

microbiology, genetic,

pharmacogenetic

HPV

Technology portfolio

Strong -

sample and assay

technologies

HC2

Operations

US, D, CH, CN

US

Employees

1990

570

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QIAGEN/DIGENE

Creating a Leader in MDx

Combined Revenue Distribution

Highly Complementary
Based on Q1 2007
By Product Groups
By Geographic Regions
By Customer Groups
Europe
46%
North
America
39%
Asia
13%
North
America
85%
EU
12%
North
America
52%
EU
36%
Asia
9%
Consumables
89%
Consumables
92%
Consumables
90%
Instruments
10%
Instruments
8%
Instruments
10%
MDx
100%
MDx
48%
MDx
27%
Pharma
24%
Pharma
17%
AT
11%
AT
8%

Biomedical

18%

Research

20%

All figures are estimates

+

RoW

Research

27%

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12

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QIAGEN/DIGENE

Creating a Leader in MDx

Dissemination

One Core: Sample and Assay Technologies

QIAGEN sample and assay technologies

Research: were there when researchers
in academia explore the virus

Pharma: were there when Merck develop
the vaccine

Molecular Diagnostics: are used to test for
HPV

are helping eradicate a disease that kills
one woman every 2 minutes

are making improvements in life possible

Dissemination

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QIAGEN/DIGENE

Creating a Leader in MDx

Disseminating Technologies Into Four Markets

Product and Technology Continuum

Academia

Life Science

Research

Applied

Testing

Molecular

Diagnostics

Pharma
Research &
Development
SAMPLE
Technologies
ASSAY
Techologies
QIAGEN Case

Sample & Assay Technologies

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QIAGEN/DIGENE

Creating a Leader in MDx

QIAGEN and DIGENE

A decade long year partnership in Molecular Diagnostics

>10 year partnership between QIAGEN and DIGENE

DIGENE products utilize QIAGEN sample and assay technologies

Example: RapidCapture system

Core platform of DIGENE

FDA approved solution, used in HPV testing

DIGENE sole marketer

Next generation platform development programs

Partnership

Similar cultures

Focus -

Excellence

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QIAGEN/DIGENE

Creating a Leader in MDx

QIAGEN and DIGENE -

Direct Neighbors
Germantown and Gaithersburg MD
Companies are 5 minutes apart (2.8 miles)

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QIAGEN/DIGENE

Creating a Leader in MDx

World-Class Capabilities and Organization

to Ensure Success

Great breadth and depth of teams

Similar cultures and strong working relationship

Strong synergies:

This is about growth: allows retention of talent base

Integration plan well-developed

12 month process, clear timelines

Mirrored teams

Being neighbors a big advantage

Maryland: headquarters of MDx

business

QIAGEN has proven track record in very successfully

integrating

12 companies in last 3 years.

Business as usual until closing (August/September)

We are

Huge Growth Potential -

Increasing Awareness

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For Internal Use Only

Four Phases to an effective Integration of Energy

Phase 0

Pre-Process
planning
Phase 2
Detailed planning &
decision making
Phase 3
Implementation &
execution
Phase 1
Issue identification
and action planning
Appoint and launch
integration teams
Communicate
Stabilize the business
Establish resource
baselines for both
companies
Identify key integration
issues and areas for
synergy realization
Communication
Identify integration
opportunities
Develop/decide on future
business structure
Validate plans in detail
Initiate execution of short
term actions
Return first units to
business-as-usual
Finalize Budget 2008
Communicate
Resolve open issues
Implementing decisions
Monitor target achievement
Manage as single company
Communicate
Define integration process
and timeline
Define integration approach
& responsibilities
Plan, plan, plan
Agree on integration
resources, project teams,
charter & external support
Develop organizational and
core operating model
Determine targets
Communication

Pre-closing
Pre-closing
Plan
Budget 2008
Plan
Budget 2008
"Achievements"
"Achievements"
Pre-announcement/
Pre-closing
Pre-announcement/
Pre-closing
Day of public
announcement
Ca. September 2007
December
2007
June
2008

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Creating a Leader in MDx

Integration should be accomplished in 6

12 months

10

20

30

40

50

10

20

30

40

50

Load dependent

on requirements

Handover

Resources

FTE

Integration

Accomplished

Line function

Take over responsibilities

Jul

Jun

May

Mar

Apr

Jan

Feb

May

Jun

Jul

Oct

Nov

Aug

Sep

Dec

Aug

Sep

Apr

Line function responsible

Integration Project

Functional project

In transition

Announcement

3. June

Closing

Announce-

ment

Pre-

Planing

Closing

New
Budget 2008
Pre-
Closing
Post-
Closing
Implementation

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QIAGEN/DIGENE

Creating a Leader in MDx

Project Structure

for

Integration

Special Projects
Functional Projects
Business Projects
Responsible for the bulk of
the integration
Made up from representatives
of the different functions of
both companies
Develop guide-lines to ensure
consistency around the world
Responsible for planning and
tracking the overall process
Help to identify and resolve
emerging issues
Responsible for leading the
integration process
Divestments
&
Acquisition
New mission
&
Steering
principles
Locations
/ Property
Brand management
HR
IT
Manufacturing
R&D
Regulatory
Administration
Marketing Asia
Marketing Europe
Marketing USA,
Americas
Global Product
Management
Distributor
Sales Europe
Sales Asia
Sales USA,
Americas
Integration office
Communication
Doug Liu
Joe Slattery
Doug White
Project Team
Steering

Thomas Schweins

Committee
Peer Schatz Daryl Faulkner

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QIAGEN/DIGENE

Creating a Leader in MDx

Doug Liu

VP Global Operations

QIAGEN

Douglas Liu

VP Global Operations

Doug Liu joined

QIAGEN in 2005

MBA from

Boston University

Science degree

from

the

University of Illinois

Multifunctional

background

in diagnostic

Industry

Operations

Strategic

planning

and

R&D

.

20 years

track

record

of success

in Molecular diagnostics

Bayer Operation Head

-

Nucleic

Acid

Diagnostics

Bayer Strategic

Planning and Consulting

Abbott Diagnostics

Chiron

Diagnostics

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QIAGEN/DIGENE

Creating a Leader in MDx

Doug White

SVP Sales & Marketing
DIGENE
Douglas White
SVP Sales & Marketing
Americas
and Asia Pacific

.
Doug White joined
DIGENE in 2003
Started
as VP Sales & Marketing North America
Oversees
commercial
operations
incl. Sales,
Marketing Service and Support
Americas
and Asia Pacific

.
20 years
of sales
& marketing
experience
in health
care

.
10 years
track
record
of success
in Molecular diagnostics
SVP Global Marketing at Roche Molecular Systems
VP Sales & Marketing at Bayer
Vice
President
of US Marketing at Chiron
Abbott Diagnostics

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QIAGEN/DIGENE

Creating a Leader in MDx

Joseph

P.
Slattery
Chief
Financial Officer
and
Senior Vice
President

.
Joe Slattery joined
DIGENE in 1996
Corporation s
finance, accounting,
investor
relations, treasury, information
systems
program
management
operations
Mr. Slattery was appointed
Chief
Financial Officer
Oct
2006.

.
Prior to DIGENE, Joe worked
in public
accounting
KPMG
Peat
Marwick
Ernst & Young LLP

.
He received
a B.S. in accounting
from
Bentley College
and is
a certified
public
accountant.
Joe Slattery
Chief
Financial Officer
DIGENE

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QIAGEN/DIGENE

Creating a Leader in MDx

Thomas Schweins

VP Marketing & Strategy
Thomas Schweins
VP Marketing & Strategy
QIAGEN

.
Thomas Schweins joined
QIAGEN in 2004
Biochemistry, University Hannover
Business Administration, USC Los Angeles
PhD, Max Planck Institute, Heidelberg

.
Multifunctional
background
in Life Science Industry
Strategy
and Strategic
Planning
Marketing
R&D
Post-Merger-Integration

.
15 years
track
record
of success
in Life Sciences
Senior Manager Boston Consulting
Group
Senior Project Manager Aventis
Technology & Business Dev
Manager Hoechst

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QIAGEN/DIGENE

Creating a Leader in MDx

A New Leader in MDx

Follows strategies of both companies

QIAGEN: leadership in sample and assay technologies

in research, pharma, applied testing and MDx

DIGENE: next wave of growth for HPV

Creating the new leader in MDx

with broad synergies in

Technology

Content

Channel

Infrastructure

No changes in staffing planned at QIAGEN other than growth

Growth, strength -> new career opportunities, an even better
place to be

Excellent basis for further growth

Most exciting areas in MDx

links into oncology

Infrastructure can exploit future opportunities, e.g. content

Creating Value with our Strategy

Sample & Assay Technologies

QIAGEN

DIGENE: Creating a Leader in MDx, June 4, 2007

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Questions and Answers

If
you
have
further
questions:
Call
+240-686 7362
E-mail
merger@QIAGEN.com

Disclaimer Regarding Forward-Looking Statements

Information set forth in this communication contains forward-looking statements, which involve a number of risks and uncertainties. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of QIAGEN's products, the timing of the completion of the transaction between QIAGEN and Digene, the anticipated benefits of the business combination transaction involving QIAGEN and Digene, including future financial and operating results, the expected financing for the transaction, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. QIAGEN and Digene caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. These include risks and uncertainties relating to: the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the parties may be unable to complete the transaction because conditions to the closing of the transaction may not be satisfied; the risk that the businesses will not be integrated successfully; the transaction may involve unexpected costs or unexpected liabilities; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues; the need to develop new products and adapt to significant technological change; implementation of strategies for improving internal growth; use and protection of intellectual property; realization of potential future savings from new productivity initiatives; general worldwide economic conditions and related uncertainties; future legislative, regulatory, or tax changes as well as other economic, business and/or competitive factors; and the effect of exchange rate fluctuations on international operations. In addition, the transaction will require the combined company to obtain significant financing. The combined company's liquidity and results of operations could be materially adversely affected if such financing is not available on favorable terms.

Moreover, the substantial leverage resulting from such financing will subject the combined company's business to additional risks and uncertainties. The risks included above are not exhaustive. The most recent reports on Form 20-F, Form 6-K and other periodic reports filed with or furnished to the Securities and Exchange Commission by QIAGEN and the most recent reports on Form 10-K, Form 10-Q, Form 8-K and other periodic reports filed by Digene with the Securities and Exchange Commission contain additional factors that could impact the combined company's businesses and financial performance. The parties expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the parties' expectations or any change in events, conditions or circumstances on which any such statement is based.

Additional Information

QIAGEN is filing today a Current Report on Form 6-K that will include as exhibits the Agreement and Plan of Merger among QIAGEN, QIAGEN North American Holdings, Inc., QIAGEN's merger subsidiary and Digene Corporation. QIAGEN intends to file a Registration Statement on Form F-4 and a Schedule TO, and Digene plans to file a Solicitation/Recommendation Statement on Schedule 14D-9, with the Securities and Exchange Commission in connection with the transaction. QIAGEN and Digene expect to mail a Prospectus, which is part of the Registration Statement on Form F-4, the Solicitation/Recommendation Statement on Schedule 14D-9 and related exchange offer materials, including a letter of election and transmittal, to shareholders of Digene upon commencement of the exchange offer. These documents contain important information about the transaction and should be read before any decision is made with respect to the exchange offer. Investors and stockholders will be able to obtain free copies of these documents through the website maintained by the Securities and Exchange Commission at www.sec.gov. Free copies of these documents may also be obtained from QIAGEN, by directing a request to QIAGEN's IR department at QIAGEN Strasse 1, 40724 Hilden, Germany, or from Digene, by directing a request to Digene at 1201 Clopper Road, Gaithersburg, MD, 20878.

In addition to the Registration Statement on Form F-4, Schedule TO, Prospectus, Solicitation/Recommendation Statement on Schedule 14D-9 and related exchange offer materials, both QIAGEN and Digene file or furnish annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information filed or furnished by QIAGEN or Digene at the SEC's Public Reference Room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the Public Reference Room. QIAGEN's and Digene's SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>, or at their web sites at www.qiagen.com or www.digene.com.