CALAMOS CONVERTIBLE & HIGH INCOME FUND
Form N-2/A
March 11, 2016

As filed with the Securities and Exchange Commission on March 11, 2016

1933 Act File No. 333-205640 1940 Act File No. 811-21319

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form N-2

(Check appropriate box or boxes)

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

þ **Pre-Effective Amendment No. 2**

¨ **Post-Effective Amendment No.**

and

þ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**

þ **Amendment No. 28**

CALAMOS CONVERTIBLE AND HIGH INCOME FUND

2020 Calamos Court

Naperville, Illinois 60563

(630) 245-7200

Agent for Service

John P. Calamos, Sr.

President

Calamos Convertible and High Income Fund

2020 Calamos Court

Naperville, Illinois 60563

J. Christopher Jackson

Vice President and Secretary

Calamos Convertible and High Income Fund

2020 Calamos Court

Naperville, Illinois 60563

Copies of Communications to:

Jeremy Smith, Esq.

Ropes & Gray LLP

1211 Avenue of the Americas

New York, New York 10036

Approximate Date of Proposed Public Offering: From time to time after the effective date of the Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. þ

It is proposed that this filing will become effective (check appropriate box):

¨ when declared effective pursuant to Section 8(c)

CALCULATION OF REGISTRATION FEE

UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price(2)	Amount of Registration Fee(3)
Common shares, no par value per share; preferred shares, no par value per share; debt securities		$100,000,000	$11,620.00

(1) There are being registered hereunder a presently indeterminate number of shares of common stock to be offered on an immediate, continuous or delayed basis.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed $100,000,000.

(3) All of which has previously been paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

Base Prospectus

The information in this prospectus is not complete and may be changed. We may not sell these securities until the amendment to the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED MARCH 11, 2016

$100,000,000

Calamos Convertible and High Income Fund

Common Shares

Preferred Shares

Debt Securities

Calamos Convertible and High Income Fund (the Fund, we, us, or our) is a diversified, closed-end management investment company that commenced investment operations in May 2003. Our investment objective is to provide total return through a combination of capital appreciation and current income.

We may offer, on an immediate, continuous or delayed basis, up to $100,000,000 aggregate initial offering price of our common shares (no par value per share), preferred shares (no par value per share) or debt securities, which we refer to in this prospectus collectively as our securities, in one or more offerings. We may offer our common shares, preferred shares and debt securities separately or together, in amounts, at prices and on terms set forth in a prospectus supplement to this prospectus. You should read this prospectus and the related prospectus supplement carefully before you decide to invest in any of our securities.

We may offer our securities directly to one or more purchasers, through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the particular offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and such agents or underwriters or among the underwriters or the basis upon which such amount may be calculated. For more information about the manner in which we may offer our securities, see Plan of Distribution. Our securities may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus supplement and a prospectus.

Our common shares are listed on the NASDAQ Global Select Market under the symbol CHY. As of October 31, 2015, the last reported sale price for our common shares was $11.61. As of October 31, 2015, the last reported net asset value for our common shares was $12.39.

Investing in our securities involves certain risks. You could lose some or all of your investment. See Risk Factors beginning on page 31 of this prospectus. Shares of closed-end investment companies frequently trade at a discount to their net asset value and this may increase the risk of loss of purchasers of our securities. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated , 2016

This prospectus, together with the current and any other prospectus supplement, sets forth concisely the information that you should know before investing. You should read the prospectus and prospectus supplement, which contain important information, before deciding whether to invest in our securities. You should retain the prospectus and prospectus supplement for future reference. A statement of additional information, dated the same date as this prospectus, as supplemented from time to time, containing additional information, has been filed with the Securities and Exchange Commission (Commission) and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the statement of additional information, the table of contents of which is on page 71 of this prospectus, request a free copy of our annual and semi-annual reports, request other information or make shareholder inquiries, by calling toll-free 1-800-582-6959 or by writing to the Fund at 2020 Calamos Court, Naperville, Illinois 60563. The Fund s annual and semi-annual reports also are available on our website, free of charge, at www.calamos.com, which also provides a link to the Commission s website, as described below, where the Fund s statement of additional information can be obtained. Information included on our website does not form part of this prospectus. You can review and copy documents we have filed at the Commission s Public Reference Room in Washington, D.C. Call 1-202-551-8090 for information. The Commission charges a fee for copies. You can get the same information free from the Commission s website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the Commission s Public Reference Section, Washington, D.C. 20549-1520.

Our securities do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Summary of Fund Expenses	14
Financial Highlights	16
Market And Net Asset Value Information	17
Use of Proceeds	18
The Fund	18
Investment Objective and Principal Investment Strategies	19
Leverage	25
Interest Rate Transactions	29
Risk Factors	31
Management of the Fund	40
Closed-End Fund Structure	44
Certain Federal Income Tax Matters	44
Net Asset Value	52
Dividends and Distributions on Common Shares; Automatic Dividend Reinvestment Plan	54
Description of Securities	58
Rating Agency Guidelines	64
Certain Provisions of the Agreement and Declaration of Trust and By-Laws, Including Antitakeover Provisions	65
Plan of Distribution	67
Custodian, Transfer Agent, Dividend Disbursing Agent and Registrar	69
Legal Matters	69
Experts	69
Available Information	70
Table of Contents of the Statement of Additional Information	71

You should rely only on the information contained or incorporated by reference in this prospectus and any related prospectus supplement in making your investment decisions. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any prospectus supplement do not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus and in any prospectus supplement is accurate only as of the dates on their covers. Our business, financial condition and prospects may have changed since such dates. We will advise investors of any material changes to the extent required by applicable law.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the statement of additional information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and simila the negative of such terms. Such forward-looking statements may be contained in this prospectus as well as in any accompanying prospectus supplement. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the Commission. Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors section of this prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in our securities.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement are made as of the date of this prospectus or the accompanying prospectus supplement, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this prospectus, any accompanying prospectus supplement and the statement of additional information are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the 1933 Act).

PROSPECTUS SUMMARY

The following summary contains basic information about us and our securities. It is not complete and may not contain all of the information you may want to consider. You should review the more detailed information contained in this prospectus and in any related prospectus supplement and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page 31 of this prospectus.

The Fund

The Fund is a diversified, closed-end management investment company. We commenced operations in May 2003 following our initial public offering. As of January 31, 2016, we had $1.1 billion of total managed assets and $362 million of outstanding borrowings under a Committed Facility Agreement and a Credit Agreement, each as described below, with no additional structural leverage. Structural leverage refers to borrowings under the Credit Agreement in respect of which the Fund s interest payments are reduced or eliminated by the Fund s securities lending activities. Our fiscal year ends on October 31. Our investment objective is to provide total return through a combination of capital appreciation and current income.

Investment Adviser

Calamos Advisors LLC (the Adviser or Calamos) serves as our investment adviser. Calamos is responsible on a day-to-day basis for investment of the Fund s portfolio in accordance with its investment objective and policies. Calamos makes all investment decisions for the Fund and places purchase and sale orders for the Fund s portfolio securities. As of October 31, 2015, Calamos managed approximately $23.0 billion in assets of individuals and institutions. Calamos is a wholly-owned subsidiary of Calamos Investments LLC (CILLC) and an indirect subsidiary of Calamos Asset Management, Inc., a publicly traded holding company.

The Fund pays Calamos an annual fee, payable monthly, for its investment management services equal to 0.80% of the Fund s average weekly managed assets. Managed assets means the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus the sum of liabilities (other than debt representing financial leverage). Net assets does not include any assets attributable to any leverage that may be outstanding. See Management of the Fund.

The principal business address of the Adviser is 2020 Calamos Court, Naperville, Illinois 60563.

The Offering

We may offer, on an immediate, continuous or delayed basis, up to $100,000,000 of our securities on terms to be determined at the time of the offering. Our common shares will be offered at prices at or above net asset value (often referred to as NAV) and on terms to be set forth in one or more prospectus supplements to the prospectus. To the extent that the Fund issues common shares and current shareholders do not participate, those current shareholders may experience a dilution of their voting rights as new shares are issued to the public. Depending on the facts, any issuance of new common shares may also have the effect of reducing any premium to per share net asset value at which the shares might trade and the market price at which the shares might trade.

Currently, the Fund has not determined the timing of any preferred shares or debt offering. Preferred shares and debt securities (collectively, senior securities) may be auction rate securities, in which case the senior securities will not be listed on any exchange or automated quotation system. Rather, investors generally may only buy and sell auction rate securities through an auction conducted by an auction agent and participating broker-dealers.

We may offer our securities directly to one or more purchasers, through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and such agents or underwriters or among underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. Our securities may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus and prospectus supplement describing the method and terms of the offering of our securities.

1

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we currently intend to use the net proceeds from the sale of our securities primarily to invest in accordance with our investment objective and policies within approximately three months of receipt of such proceeds. We may also use proceeds from the sale of our securities to (i) retire all or a portion of any short-term debt we incur in pursuit of our investment objective and policies, (ii) redeem any outstanding senior securities, and (iii) for working capital purposes, including the payment of interest and operating expenses, although there is currently no intent to issue securities primarily for these purposes.

Dividends and Distributions on Common Shares

The Fund currently intends to make monthly distributions to common shareholders at a level rate established by the Board of Trustees. The rate may be modified by the Board of Trustees from time to time. Monthly distributions may include net investment income, net realized short-term capital gain and, if necessary to maintain a level distribution, return of capital. The Fund may at times in its discretion pay out less than the entire amount of net investment income earned in any particular period and may at times pay out such accumulated undistributed income in addition to net investment income earned in other periods in order to permit the Fund to maintain a more stable level of distributions. As a result, the distributions paid by the Fund to holders of common shares for any particular period may be more or less than the amount of net investment income earned by the Fund during such period. Net realized short-term capital gains distributed to shareholders will be taxed as ordinary income for federal income tax purposes. Generally, there may be at least one additional distribution per calendar year that may include net realized long-term capital gain (if any), which will be taxed for federal income tax purposes at long-term capital gain rates. To the extent the Fund distributes an amount in excess of the Fund s current and accumulated earnings and profits, such excess, if any, will be treated by a shareholder for federal income tax purposes as a tax-free return of capital to the extent of the shareholder s adjusted tax basis in his, her or its shares and thereafter as a gain from the sale or exchange of such shares. Any such distributions made by the Fund will reduce the shareholder s adjusted tax basis in his, her or its shares to the extent that the distribution constitutes a return of capital on a tax basis during any calendar year and, thus, could potentially subject the shareholder to capital gains taxation in connection with a later sale of Fund shares, even if those shares are sold at a price that is lower than the shareholder s original investment price. To the extent that the Fund s distributions exceed the Fund s current and accumulated earnings and profits, the distribution payout rate will exceed the yield generated from the Fund s investments. There is no guarantee that the Fund will realize capital gain in any given year. Distributions are subject to re-characterization for federal income tax purposes after the end of the fiscal year.

The Fund has made regular monthly distributions to its common shareholders of $0.1219 per share from August 2003 through October 2008, and monthly distributions of $0.0850 from November 2008 through March 2014 and $0.10 since April 2014. Additionally, the Fund has made special supplemental distributions, in addition to the regular monthly distributions, of $0.0920, $0.0232, and $0.1052 in January 2006, January 2007, and January 2008, respectively. The Fund intends to distribute to common shareholders all or a portion of its net investment income monthly and net realized capital gains, if any, at least annually. The sources of these distributions have varied over time and will continue to do so. The sources of these distributions may include net investment income, capital gain and return of capital.

On November 4, 2008, the Commission granted Calamos, on behalf of itself and certain funds that it manages, including the Fund, an order granting an exemption from Section 19(b) of, and Rule 19b-1 under, the Investment Company Act of 1940, as amended (the 1940 Act) to conditionally permit the Fund to make periodic distributions of long-term capital gains with respect to the Fund s outstanding common stock as frequently as twelve times each year, so long as the Fund complies with the conditions of the order and maintains in effect a distribution policy with respect to the Fund s common shares calling for periodic distributions of an amount equal to a fixed amount per share, a fixed percentage of market price per share or a fixed percentage of the Fund s net asset value per share (a Managed Dividend Policy).

The relief described above will expire on the effective date of any amendment to Rule 19b-1 under the 1940 Act that provides relief permitting certain closed-end investment companies to make periodic distributions of long-term capital gains with respect to their outstanding common stock as frequently as twelve times each year. As a result of the granting of the order, the Fund may implement a Managed Dividend Policy, although it has not done so as of the date of this prospectus. Under a Managed Dividend Policy, if, for any distribution, undistributed net investment income and net realized capital gains were less than the amount of the distribution, the difference would be distributed from the Fund s other assets. In addition, in order to make such distributions, the Fund might have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. Notwithstanding receipt of the exemptive relief, currently the Fund does not intend to implement a Managed Dividend Policy until such time as its implementation is in the best interests of the Fund and our shareholders. In addition, it is not contemplated that we will change the terms of our current level distribution policy, which otherwise meets the requirements of Section 19 of the 1940 Act, in connection with any future implementation of the managed distribution order. For more information about the Managed Dividend Policy see Dividends and Distributions on Common Shares.

Pursuant to the Fund s Automatic Dividend Reinvestment Plan, unless a shareholder is ineligible or elects otherwise, all dividends and capital gain distributions on common shares are automatically reinvested in additional common shares of the Fund. However, an investor can choose to receive dividends and distributions in cash. Since investors can participate in the automatic dividend reinvestment plan only if their broker or nominee participates in our plan, you should contact your broker or nominee to confirm that you are eligible to participate in the plan. See Dividends and Distributions; Automatic Dividend Reinvestment Plan.

Investment Policies

Primary Investments. Under normal circumstances, the Fund invests at least 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities. The portion of the Fund s assets invested in convertible securities and below investment grade (high yield/high risk) non-convertible debt securities will vary from time to time consistent with the Fund s investment objective, changes in equity prices and changes in interest rates and other economic and market factors, although, under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities and at least 20% of its managed assets in below investment grade (high yield/high risk) non-convertible debt securities (so long as, under normal circumstances, the combined total equals at least 80% of the Fund s managed assets). The Fund invests in securities with a broad range of maturities. The average term to maturity of the Fund s securities typically will range from five to ten years. See Investment Objective and Principal Investment Strategies Principal Investment Strategies.

The Fund s derivative activities are principally focused on the following derivatives: interest rate swaps, convertible securities, synthetic convertible securities, options on individual securities, index options and forward currency exchange contracts. However, the Fund reserves the right to invest in other derivative instruments to the extent it is consistent with the Fund s investment objectives and restrictions. See Investment Objective and Principal Investment Strategies Principal Investment Strategies.

Convertible Securities. Investment in convertible securities forms an important part of the Fund s investment strategies. Under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities. A convertible security is a debt security or preferred stock that is exchangeable for an equity security (typically of the same issuer) at a predetermined price (the conversion price). Depending upon the relationship of the conversion price to the market value of the underlying security, a convertible security may trade more like an equity security than a debt instrument. The Fund may invest in convertible securities of any rating. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Convertible Securities.

Synthetic Convertible Securities. The Fund may invest in synthetic convertible securities. A synthetic convertible security is a financial instrument that is designed to simulate the characteristics of another instrument (i.e., a convertible security) through the combined features of a collection of other securities or assets. Calamos may create a synthetic convertible security by combining separate securities that possess the two principal

characteristics of a true convertible security, i.e., a fixed-income security (fixed-income component , which may be a convertible or non-convertible security) and the right to acquire an equity security (convertible component). The fixed-income component is achieved by investing in fixed-income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index.

The Fund may also invest in synthetic convertible securities created by third parties, typically investment banks. Synthetic convertible securities created by such parties may be designed to simulate the characteristics of traditional convertible securities or may be designed to alter or emphasize a particular feature. Traditional convertible securities typically offer the opportunity for stable cash flows with the ability to participate in capital appreciation of the underlying common stock. Traditional convertible securities are exercisable at the option of the holder. Synthetic convertible securities may alter these characteristics by offering enhanced yields in exchange for reduced capital appreciation or additional risk of loss, or any combination of these features. Synthetic convertible instruments may include structured notes, equity-linked notes, mandatory convertibles and combinations of securities and instruments, such as a debt instrument combined with a forward contract. The Fund s holdings of synthetic convertible securities are considered convertible securities for purposes of the Fund s policy to invest at least 20% of its managed assets in convertible securities and 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Synthetic Convertible Securities.

High Yield Securities. Investment in high yield securities forms an important part of the Fund s investment strategies. The Fund will invest in high yield securities for either current income or capital appreciation or both. Under normal circumstances, the Fund will invest at least 20% of its managed assets in high yield non-convertible debt securities. These securities are rated Ba or lower by Moody s Investors Service, Inc. (Moody s) or BB or lower by Standard & Poor s Financial Services, LLC, a subsidiary of The McGraw-Hill Companies, Inc. (Standard or Poor s) or are unrated securities of comparable quality as determined by Calamos, the Fund s investment adviser. The Fund may invest in high yield securities of any rating. The Fund may, but currently does not intend to, invest up to 5% of its managed assets in distressed securities that are in default or the issuers of which are in bankruptcy. Non-convertible debt securities rated below investment grade are commonly referred to as junk bonds and are considered speculative with respect to the issuer s capacity to pay interest and repay principal. They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated securities. See Investment Objective and Principal Investment Strategies Principal Investment Strategies High Yield Securities.

Foreign Securities. Although the Fund primarily invests in securities of U.S. issuers, the Fund may invest up to 25% of its managed assets in securities of foreign issuers in developed and emerging markets, including debt and equity securities of corporate issuers and debt securities of government issuers. The Fund may invest up to 15% of its managed assets in securities of foreign issuers in emerging markets. A foreign issuer is a foreign government or a company organized under the laws of a foreign country. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Foreign Securities.

Rule 144A Securities. The Fund may invest without limit in certain securities (Rule 144A Securities), such as convertible and debt securities, that are typically purchased in transactions exempt from the registration requirements of the 1933 Act pursuant to Rule 144A under that Act. Rule 144A Securities may only be sold to qualified institutional buyers, such as the Fund. Any resale of these securities must generally be effected through a sale that is registered under the 1933 Act or otherwise exempted or excepted from such registration requirements. Under the supervision and oversight of the Fund s Board of Trustees, Calamos will determine whether Rule 144A Securities are liquid. Typically, the Fund purchases Rule 144A Securities only if Calamos has determined them to be liquid. If any Rule 144A Security held by the Fund should become illiquid, the value of the security may be reduced and a sale of the security may be more difficult. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Rule 144A Securities.

Options Writing. The Fund may seek to generate income from option premiums by writing (selling) options. The Fund may write (sell) call options (i) on a portion of the equity securities (including equity

securities obtainable by the Fund through the exercise of its rights with respect to convertible securities it owns) in the Fund s portfolio and (ii) on broad-based securities indexes (such as the Standard and Poor s 500® Index (S&P 500) or the MSCI EAFE® Index (MSCI EAFE), which is an index of international equity stocks) or certain ETFs (exchange traded funds) that trade like common stocks but seek to replicate such market indexes.

In addition, to seek to offset some of the risk of a potential decline in value of certain long positions, the Fund may also purchase put options on individual securities, broad-based securities indexes (such as the S&P 500 or MSCI EAFE) or certain ETFs that trade like common stocks but seek to replicate market indexes. See Investment Objective and Principal Investment Strategies Options Writing.

Other Securities. The Fund may invest in other securities of various types to the extent consistent with its investment objective. Normally, the Fund invests substantially all of its assets to meet its investment objective. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in securities with remaining maturities of less than one year or cash equivalents; or it may hold cash. During such periods, the Fund may not be able to achieve its investment objective. There are no restrictions as to the ratings of debt securities acquired by the Fund or the portion of the Fund s assets that may be invested in debt securities in a particular ratings category. For more information on the types of derivatives that the Fund invests in, see Investment Objective and Principal Investment Strategies Principal Investment Strategies in this prospectus and Investment Objective and Policies in the statement of additional information.

Use of Leverage by the Fund

The Fund currently uses, and may in the future use, financial leverage. The Fund, with the approval of its Board of Trustees, including its independent Trustees, has entered into a financing package that includes a Committed Facility Agreement (the BNP Agreement) with BNP Paribas Prime Brokerage International Ltd. (BNP) that allows the Fund to borrow up to $240 million, and a securities lending agreement (Lending Agreement). In addition, the financing package also includes a Credit Agreement (the SSB Agreement) with State Street Bank and Trust Company (SSB) that allows the Fund to borrow up to $240 million, and a related securities lending authorization agreement (Authorized Agreement) that is used to offset some of the interest rate payments that would otherwise be due in respect of the borrowings under the SSB Agreement. As of January 31, 2016, the Fund had $181 million in borrowings outstanding under the BNP Agreement, representing 15.9% of managed assets as of that date. As of January 31, 2016, the Fund had $181 million in borrowings outstanding under the SSB Agreement, representing 15.9% of managed assets as of that date. Combined borrowings under both agreements as of January 31, 2016 represented $362 million, or 31.8% of managed assets. The Fund will pay, and common shareholders will effectively bear, any costs and expenses relating to any borrowings by the Fund, including the financial leverage described above, as well as any additional financial leverage secured as a result of this offering. Such costs and expenses include the higher management fee resulting from the use of any such leverage, offering and/or issuance costs, and interest and/or dividend expense and ongoing maintenance. See Leverage and Risk Factors Leverage.

The Fund may make further use of financial leverage through the issuance of preferred shares or may borrow money or issue additional debt securities to the extent permitted under the 1940 Act. As a non-fundamental policy, the Fund may not issue debt securities, borrow money or issue preferred shares in an aggregate amount exceeding 38% of the Fund s managed assets measured at the time of issuance of the new securities. However, the Board of Trustees reserves the right to issue preferred shares or debt securities or borrow to the extent permitted by the 1940 Act. See Leverage. The holders of preferred shares or debt, if any, on the one hand, and the holders of the common shares, on the other, may have interests that conflict with each other in certain situations. See Description of Securities Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws, Including Antitakeover Provisions.

Because Calamos investment management fee is a percentage of the Fund s managed assets, Calamos fee will be higher if the Fund is leveraged and Calamos will have an incentive to be more aggressive and leverage the Fund. Consequently, the Fund and Calamos may have differing interests in determining whether to leverage the Fund s assets. Any additional use of leverage by the Fund effected through new, additional or increased credit

facilities or the issuance of preferred shares would require approval by the Board of Trustees of the Fund. In considering whether to approve the use of additional leverage through those means, the Board would be presented with all relevant information necessary to make a determination whether or not additional leverage would be in the best interests of the Fund, including information regarding any potential conflicts of interest. For further information about the Fund s financial leverage, see Use of Leverage by the Fund.

For further information about the effects of the Fund s financial leverage and an illustration of the hypothetical effect on the return to a holder of the Fund s common shares of the leverage obtained by borrowing under the Fund s financing package, see Effects of Leverage. For further information about leveraging, see Risk Factors Additional Risks to Common Shareholders Leverage Risk.

Interest Rate Transactions

In order to seek to reduce the interest rate risk inherent in the Fund s underlying investments and capital structure, the Fund, if Calamos deems market conditions favorable, may enter into over-the-counter interest rate swap or cap transactions to attempt to protect itself from increasing dividend or interest expenses on its leverage. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions.

In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the counterparty) a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a payment at a variable rate that is expected to approximate the rate on any variable rate payment obligation on the Fund s leverage. The payment obligations would be based on the notional amount of the swap.

In an interest rate cap, the Fund would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. There can be no assurance that the Fund will use interest rate transactions or that, if used, their use will be beneficial to the Fund. Depending on the state of interest rates in general, the Fund s use of interest rate swap or cap transactions could enhance or harm the overall performance of the common shares. See Interest Rate Transactions.

Conflicts of Interest

Conflicts of interest may arise from the fact that Calamos and its affiliates carry on substantial investment activities for other clients, in which the Fund does not have an interest. Calamos or its affiliates may have financial incentives to favor certain of these accounts over the Fund. Any of their proprietary accounts or other customer accounts may compete with the Fund for specific trades. Calamos or its affiliates may give advice and recommend securities to, or buy or sell securities for, other accounts and customers, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, the Fund, even though their investment objectives may be the same as, or similar to, the Fund s objective.

Situations may occur when the Fund could be disadvantaged because of the investment activities conducted by Calamos and its affiliates for their other accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for the Fund or the other accounts, thereby limiting the size of the Fund s position; or (2) the difficulty of liquidating an investment for the Fund or the other accounts where the market cannot absorb the sale of the combined position. See Investment Objective and Principal Investment Strategies Conflicts of Interest.

Fund Risks

Convertible Securities Risk. The value of a convertible security is influenced by both the yield of non-convertible securities of comparable issuers and by the value of the underlying common stock. The value of a convertible security viewed without regard to its conversion feature (i.e., strictly on the basis of its yield) is sometimes referred to as its investment value. A convertible security s investment value tends to decline as prevailing interest rate levels increase. Conversely, a convertible security s investment value tends to increase as prevailing interest rate levels decline.

However, the convertible s market value tends to reflect the market price of the common stock of the issuing company when that stock price is greater than the convertible s conversion price. The conversion price is defined as the predetermined price at which the convertible could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security and changes in interest rates. Thus, the convertible security may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company s common stockholders. See Risk Factors Fund Risks Convertible Securities Risk.

Synthetic Convertible Instruments Risk. The value of a synthetic convertible security may respond differently to market fluctuations than a convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value. See Risk Factors Fund Risks Synthetic Convertible Instruments Risk.

High Yield Securities Risk. Investment in high yield securities involves substantial risk of loss. Below investment grade non-convertible debt securities or comparable unrated securities are commonly referred to as junk bonds and are considered predominantly speculative with respect to the issuer s ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. For these reasons, your investment in the Fund is subject to the following specific risks:

- increased price sensitivity to changing interest rates and to a deteriorating economic environment;
- greater risk of loss due to default or declining credit quality;
- adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and
- if a negative perception of the high yield market develops, the price and liquidity of high yield securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of high yield securities outstanding has proliferated in the past decade as an increasing number of issuers have used high yield securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity.

The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund s ability to dispose of a particular security. There are fewer dealers in the market for high yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund s net asset value. See Risk Factors Fund Risks High Yield Securities Risk.

Interest Rate Risk. In addition to the risks discussed above, debt securities are subject to certain risks, including:

- if interest rates go up, the value of debt securities in the Fund s portfolio generally will decline;

7

- during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer;

- during periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security s duration (the estimated period until the security is paid in full) and interest rate risk, and reduce the value of the security. This is known as extension risk; and

- this risk may be particularly acute in the current market environment because market interest rates currently are near historically low levels. See Risk Factors Fund Risks Interest Rate Risk.

Leverage Risk. The Fund has issued indebtedness and may issue preferred shares or borrow money or issue debt securities. As of January 31, 2016, the Fund has leverage in the form of borrowings from SSB and BNP. Leverage is the potential for the Fund to participate in gains and losses on an amount that exceeds the Fund s investment. The borrowing of money or issuance of debt securities and preferred shares represents the leveraging of the Fund s common shares. As a non-fundamental policy, the Fund may not issue debt securities, borrow money or issue preferred shares in an aggregate amount exceeding 38% of the Fund s managed assets measured at the time of issuance of the new securities. However, the Board of Trustees reserves the right to issue preferred shares or debt securities or borrow to the extent permitted by the 1940 Act. See Leverage.

Leverage creates risks which may adversely affect the return for the holders of common shares, including:

- the likelihood of greater volatility in the net asset value and market price of the Fund s common shares;

- fluctuations in the dividend rates on any preferred shares borne by the Fund or in interest rates on borrowings and short-term debt;

- increased operating costs, which are effectively borne by common shareholders, may reduce the Fund s total return; and

- the potential for a decline in the value of an investment acquired with borrowed funds, while the Fund s obligations under such borrowing or preferred shares remain fixed.

In addition, the rights of lenders and the holders of preferred shares and debt securities issued by the Fund will be senior to the rights of the holders of common shares with respect to the payment of dividends or to the payment of assets upon liquidation. Holders of preferred shares have voting rights in addition to and separate from the voting rights of common shareholders. See Description of Securities Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws, Including Antitakeover Provisions. The holders of preferred shares or debt, if any, on the one hand, and the holders of the common shares, on the other, may have interests that conflict in certain situations.

Leverage is a speculative technique that could adversely affect the returns to common shareholders. Leverage can cause the Fund to lose money and can magnify the effect of any losses. To the extent the income or capital appreciation derived from securities purchased with funds received from leverage exceeds the cost of leverage, the Fund s return will be greater than if leverage had not been used. Conversely, if the income or capital appreciation from the securities purchased with such funds is not sufficient to cover the cost of leverage or if the Fund incurs capital losses, the return of the Fund will be less than if leverage had not been used, and therefore the amount available for distribution to common shareholders as dividends and other distributions will be reduced or potentially eliminated.

The Fund will pay, and common shareholders will effectively bear, any costs and expenses relating to any borrowings and to the issuance and ongoing maintenance of preferred shares or debt securities. Such costs and expenses include the higher management fee resulting from the use of any such leverage, offering and/or

issuance costs, and interest and/or dividend expense and ongoing maintenance. These conditions may, directly or indirectly, result in higher leverage costs to common shareholders.

Certain types of borrowings may result in the Fund being subject to covenants in credit agreements, including those relating to asset coverage, borrowing base and portfolio composition requirements and additional covenants that may affect the Fund s ability to pay dividends and distributions on common shares in certain instances. The Fund may also be required to pledge its assets to the lenders in connection with certain types of borrowings. The Fund may be subject to certain restrictions on investments imposed by guidelines of rating agencies which may issue ratings for the preferred shares or short-term debt instruments issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. The Board reserves the right to change the amount and type of leverage that the Fund uses, and reserves the right to implement changes to the Fund s borrowings that it believes are in the best interests of the Fund, even if such changes impose a higher interest rate or other costs or impacts over the intermediate, or short-term time period. There is no guarantee that the Fund will maintain leverage at the current rate, and the Board reserves the right to raise, decrease, or eliminate the Fund s leverage exposure. See Prospectus Summary Use of Leverage by the Fund.

Default Risk. Default risk refers to the risk that a company that issues a convertible or debt security will be unable to fulfill its obligations to repay principal and interest. The lower a debt security is rated, the greater its default risk. As a result, the Fund may incur cost and delays in enforcing its rights against the issuer. See Risk Factors Fund Risks Default Risk.

Liquidity Risk. Illiquid securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. Investment of the Fund s assets in illiquid securities may restrict the Fund s ability to take advantage of market opportunities. The risks associated with illiquid securities may be particularly acute in situations in which the Fund s operations require cash and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid securities. See Risk Factors Fund Risks Liquidity Risk.

Foreign Securities Risk. Investments in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced to the extent that the Fund invests a significant portion of its non-U.S investments in one region or in the securities of emerging market issuers. These risks may include:

- less information may be available about non-U.S. issuers or markets due to less rigorous disclosure or accounting standards or regulatory practices in foreign jurisdictions;

- many non-U.S. markets are smaller, less liquid and more volatile. In a changing market, Calamos may not be able to sell the Fund s portfolio securities at times, in amounts and at prices it considers reasonable;

- an adverse effect of currency exchange rate changes or controls on the value of the Fund s investments;

- the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession;

- economic, political and social developments may adversely affect the securities markets in foreign jurisdictions, including expropriation and nationalization;

- the difficulty in obtaining or enforcing a court judgment in non-U.S. countries;

- restrictions on foreign investments in non-U.S. jurisdictions;

- difficulties in effecting the repatriation of capital invested in non-U.S. countries; and

withholding and other non-U.S. taxes may decrease the Fund s return. See Risk Factors Fund Risks Foreign Securities Risk.

Emerging Markets Risk. Emerging market countries may have relatively unstable governments and economies based on only a few industries, which may cause greater instability. The value of emerging market securities will likely be particularly sensitive to changes in the economies of such countries. These countries are also more likely to experience higher levels of inflation, deflation or currency devaluations, which could

adversely affect the value of the Fund s investments and hurt those countries economies and securities markets. See Risk Factors Fund Risks Emerging Markets Risk.

Risks Associated with Options. There are several risks associated with transactions in options. For example, there are significant differences between the securities markets and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. The Fund s ability to utilize options successfully will depend on Calamos ability to predict pertinent market movements, which cannot be assured.

The Fund may sell options on individual securities and securities indices. Even though the Fund will receive the option premium to help protect it against loss, a call option sold by the Fund exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or instrument and may require the Fund to hold a security or instrument that it might otherwise have sold. In addition, a loss on a call option sold may be greater than the premium received. The Fund may purchase and sell put options on individual securities and securities indices. In selling put options, there is a risk that the Fund may be required to buy the underlying security at a price above the market price. See Risk Factors Fund Risks Risks Associated with Options.

REIT Risk. Investing in REITs involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. An equity REIT may be affected by changes in the value of the underlying properties owned by the REIT. A mortgage REIT may be affected by changes in interest rates and the ability of the issuers of its portfolio mortgages to repay their obligations. REITs are dependent upon the skills of their managers and are not diversified. REITs are generally dependent upon maintaining cash flows to repay borrowings and to make distributions to shareholders and are subject to the risk of default by lessees or borrowers. REITs whose underlying assets are concentrated in properties used by a particular industry, such as health care, are also subject to risks associated with such industry. REITs (especially mortgage REITs) are also subject to interest rate risks. If the REIT invests in adjustable rate mortgage loans the interest rates on which are reset periodically, yields on a REIT s investments in such loans will gradually align themselves to reflect changes in market interest rates. This causes the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations. REITs may have limited financial resources, may utilize significant amounts of leverage, may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than larger company securities. Historically, REITs have been more volatile in price than the larger capitalization stocks included in Standard & Poor s 500 Stock Index. See Risk Factors Fund Risks REIT Risk.

Management Risk. Calamos judgment about the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy may prove to be incorrect. See Risk Factors Fund Risks Management Risk.

Tax Risk. The Fund may invest in certain securities, such as certain convertible securities, for which the federal income tax treatment may not be clear or may be subject to re-characterization by the Internal Revenue Service. It could be more difficult for the Fund to comply with the federal income tax requirements applicable to regulated investment companies if the tax characterization of the Fund s investments is not clear or if the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service. See Certain Federal Income Tax Matters.

Antitakeover Provisions. The Fund s Agreement and Declaration of Trust and By-laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Trustees. Such provisions could limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include staggered terms of office for the Trustees, advance notice requirements for shareholder proposals, and super-majority voting requirements for certain transactions with affiliates, converting the Fund to an open-end investment company or a merger, asset sale or similar transaction. Holders of preferred shares, if any, may have voting rights in addition to and separate from the voting rights of common shareholders with

respect to certain of these matters. Holders of any preferred shares, voting separately as a single class, have the right to elect at least two Trustees at all times. See Description of Securities Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws, Including Antitakeover Provisions. The holders of preferred shares or debt, if any, on the one hand, and the holders of the common shares, on the other, may have interests that conflict, including conflicts that relate to the fees and expenses of the Fund. For more information on potential conflicts of interest between holders of common shares and holders of preferred shares, see Additional Risks to Common Shareholders Leverage Risk. See Risk Factors Fund Risks Antitakeover Provisions.

Market Disruption Risk. Certain events have a disruptive effect on the securities markets, such as terrorist attacks, war and other geopolitical events, earthquakes, storms and other disasters. The Fund cannot predict the effects of similar events in the future on the U.S. economy or any foreign economy. See Risk Factors Fund Risks Market Disruption Risk.

Counterparty and Settlement Risk. Trading options, futures contracts, swaps and other derivative financial instruments entails credit risk with respect to the counterparties. Such instruments when traded over the counter do not include the same protections as may apply to trading derivatives on organized exchanges. Substantial losses may arise from the insolvency, bankruptcy or default of a counterparty and risk of settlement default of parties with whom it trades securities. This risk may be heightened during volatile market conditions. Settlement mechanisms in emerging markets are generally less developed and reliable than those in more developed countries thus increasing the risks. In the past, broker-dealers and other financial institutions have experienced extreme financial difficulty, sometimes resulting in bankruptcy of the institution. Although Calamos monitors the creditworthiness of the Fund s counterparties, there can be no assurance that the Fund s counterparties will not experience similar difficulties, possibly resulting in losses to the Fund. If a counterparty becomes bankrupt, or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. Material exposure to a single or small group of counterparties increases the Fund s counterparty risk. See Risk Factors Fund Risks Counterparty and Settlement Risk.

Duration Risk. Duration measures the expected life of a fixed-income security, and its sensitivity to changes in interest rates. The longer a fixed income security s duration, the more sensitive that security will be to changes in interest rates. Similarly, the longer the Fund s dollar-weighted average duration, the more sensitive its value will be to interest rate changes than a fund with a shorter dollar-weighted average duration. See Risk Factors Fund Risks Duration Risk.

Maturity Risk. Interest rate risk will generally affect the price of a fixed income security more if the security has a longer maturity. Fixed income securities with longer maturities will therefore be more volatile than other fixed income securities with shorter maturities. Conversely, fixed income securities with shorter maturities will be less volatile but generally provide lower potential returns than fixed income securities with longer maturities. The average maturity of the Fund s investments will affect the volatility of the Fund s share price. See Risk Factors Fund Risks Maturity Risk.

Recent Market Events. Over the last several years, domestic and international markets have experienced acute turmoil. This turmoil resulted in unusual and extreme volatility in the equity and debt markets, in the prices of individual securities and in the world economy. In addition, many governments and quasi-governmental entities throughout the world responded to the turmoil with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs and dramatically lower interest rates. An unexpected or quick reversal of these policies could increase volatility in the equity and debt markets. These market conditions and continuing economic risks add significantly to the risk of short-term volatility in the Fund.

Turbulence in the financial markets and reduced liquidity in equity, credit and fixed-income markets may negatively affect issuers worldwide, which could have an adverse effect on the Fund. Following the financial crisis that began in 2007, the Federal Reserve has attempted to stabilize the U.S. economy and support the U.S.

economic recovery by keeping the federal funds rate at or near zero percent. The Federal Reserve recently has sought to raise interest rates, if the Federal Reserve continues to do so, there is a risk that interest rates across the U.S. financial system will rise. These policy changes may expose markets to heightened volatility and may reduce liquidity for certain Fund investments, causing the value of the Fund s investments and share price to decline.

The response of the international community through economic sanctions and otherwise to geopolitical and other events around the globe may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties in the United States and worldwide. It is difficult to predict how long the securities markets may be affected by these events and/or the effects of these events in the future on the U.S. economy and securities markets. See Risk Factors Fund Risks Recent Market Events.

The SEC recently issued a proposed rule under the 1940 Act providing for modifications to the regulation of registered investment companies use of derivatives and certain related instruments. If adopted, the proposed rule could, among other things, restrict the Fund s ability to engage in derivatives transactions and related instruments and/or increase the costs of derivatives transactions, such that the Fund may be unable to implement its investment strategies as presently formulated. There can be no assurance that the rule, if adopted, will not adversely affect the Fund and its performance.

Additional Risks to Common Shareholders

Additional risks of investing in common shares include the following:

Interest Rate Transactions Risk. The Fund may enter into an interest rate swap or cap transaction to attempt to protect itself from increasing dividend or interest expenses on its leverage resulting from increasing short-term interest rates and to hedge its portfolio securities. A decline in interest rates may result in a decline in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. See Risk Factors Interest Rate Transactions Risk.

Reduction of Leverage Risk. We have previously taken, and may in the future take, action to reduce the amount of leverage employed by the Fund. Reduction of the leverage employed by the Fund, including by redemption of preferred shares, will in turn reduce the amount of assets available for investment in portfolio securities. This reduction in leverage may negatively impact our financial performance, including our ability to sustain current levels of distributions on common shares.

Market Impact Risk. The sale of our common shares (or the perception that such sales may occur) may have an adverse effect on prices in the secondary market for our common shares by increasing the number of shares available, which may put downward pressure on the market price for our common shares. These sales also might make it more difficult for us to sell additional equity securities in the future at a time and price we deem appropriate.

Diminished Voting Power and Excess Cash Risk. The voting power of current shareholders will be diluted to the extent that such shareholders do not purchase shares in any future common share offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if we are unable to invest the proceeds of such offering as intended, our per share distribution may decrease (or may consist of return of capital) and we may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

Market Discount Risk. The Fund s common shares have traded both at a premium and at a discount relative to net asset value. Common shares of closed-end investment companies frequently trade at prices lower than their net asset value. Depending on the premium of the Fund s common shares, the Fund s net asset value may be reduced immediately following an offering of the Fund s common shares by the offering expenses paid by the Fund. See Use of Proceeds.

In addition to net asset value, the market price of the Fund s common shares may be affected by such factors as the Fund s use of leverage, dividend stability, portfolio credit quality, liquidity, market supply and demand of

the common shares and the Fund s dividends paid (which are, in turn, affected by expenses), call protection for portfolio securities and interest rate movements. See Leverage, Risk Factors and Description of Securities. The Fund s common shares are designed primarily for long-term investors, and you should not purchase common shares if you intend to sell them shortly after purchase.

See Risk Factors Additional Risks to Common Shareholders for a more detailed discussion of these risks.

Additional Risks to Senior Security Holders

Additional risks of investing in senior securities include the following:

Generally, an investment in preferred shares (including exchange-listed preferred shares) or debt securities (collectively, senior securities) is subject to the following risks:

Interest Rate Risk. Rising market interest rates could impact negatively the value of our investment portfolio, reducing the amount of assets serving as asset coverage for the senior securities. Rising market interest rates could also reduce the value of preferred shares.

Senior Leverage Risk. Preferred shares will be junior in liquidation and with respect to distribution rights to debt securities and any other borrowings. Senior securities representing indebtedness may constitute a substantial lien and burden on preferred shares by reason of their prior claim against our income and against our net assets in liquidation. We may not be permitted to declare dividends or other distributions with respect to any series of preferred shares unless at such time we meet applicable asset coverage requirements and the payment of principal or interest is not in default with respect to any borrowings.

Ratings and Asset Coverage Risk. To the extent that senior securities are rated, a rating does not eliminate or necessarily mitigate the risks of investing in our senior securities, and a rating may not fully or accurately reflect all of the credit and market risks associated with that senior security. A rating agency could downgrade the rating of our shares of preferred stock or debt securities, which may make such securities less liquid in the secondary market, though potentially with higher resulting interest rates. If a rating agency downgrades the rating assigned to a senior security, we may alter our portfolio or redeem the senior security. We may voluntarily redeem senior securities under certain circumstances.

Inflation Risk. Inflation is the reduction in the purchasing power of money resulting from an increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted or real value of an investment in preferred stock or debt securities or the income from that investment will be worth less in the future. As inflation occurs, the real value of the preferred shares or debt securities and the dividend payable to holders of preferred stock or interest payable to holders of debt securities declines.

Decline in Net Asset Value Risk. A material decline in our NAV may impair our ability to maintain required levels of asset coverage for any preferred securities or debt securities we may issue in the future.

Secondary Market Risk. The market value of exchange-listed preferred shares that the Fund may issue will be determined by factors such as the relative demand for and supply of the preferred shares in the market, general market conditions and other factors beyond the control of the Fund. Because the Fund has no prior trading history for preferred shares, it is difficult to predict the trading patterns of preferred shares, including the effective costs of trading. There is a risk that the market for preferred shares may be thinly traded and relatively illiquid compared to the market for other types of securities.

Market Discount Risk. The market price of exchange-listed preferred shares that the Fund may issue may also be affected by such factors as the Fund s use of leverage, dividend stability, portfolio credit quality, liquidity, and the Fund s dividends paid (which are, in turn, affected by expenses), call protection for portfolio securities and interest rate movements.

Early Redemption Risk. The Fund may voluntarily redeem preferred shares or may be forced to redeem preferred shares to meet regulatory requirements and the asset coverage requirements of the preferred shares. Such redemptions may be at a time that is unfavorable to holders of the preferred shares.

See Risk Factors Additional Risks to Senior Security Holders for a more detailed discussion of these risks.

SUMMARY OF FUND EXPENSES

The following table and example contain information about the costs and expenses that common shareholders will bear directly or indirectly. In accordance with Commission requirements, the table below shows our expenses, including interest payments on borrowed funds, as a percentage of our average net assets as of October 31, 2015, and not as a percentage of gross assets or managed assets. By showing expenses as a percentage of average net assets, expenses are not expressed as a percentage of all of the assets we invest. The table and example are based on our capital structure as of October 31, 2015.

As of October 31, 2015, the Fund had $366 million in borrowings outstanding and additional structural leverage of $32 million, representing 30.7% of managed assets.

Shareholder Transaction Expenses	
Sales Load (as a percentage of offering price)	(1)
Offering Expenses Borne by the Fund (as a percentage of offering price)	(1)
Dividend Reinvestment and Cash Purchase Plan Fees(2)	None

Annual Expenses	**Percentage of Average Net Assets Attributable to Common Shareholders**
Management Fee(3)	1.13
Interest Payments on Borrowed Funds(4)	0.35
Preferred Stock Dividend Payments(5)	
Other Expenses(6)	0.09
Acquired Fees and Expenses	0
Total Annual Expenses	1.57

Example:

The following example illustrates the expenses that common shareholders would pay on a $1,000 investment in common shares, assuming (1) total annual expenses of 1.57% of net assets attributable to common shareholders (2) a 5% annual return; and (3) all distributions are reinvested at net asset value:

	1 Year	**3 Years**	**5 Years**	**10 Years**
Total Expenses Paid by Common Shareholders(7)	$ 16	$ 50	$ 86	$ 188

The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those assumed. Moreover, our actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

(1) If the securities to which this prospectus relates are sold to or through underwriters, the prospectus supplement will set forth any applicable sales load and the estimated offering expenses borne by us.

(2) Shareholders will pay a transaction fee plus brokerage charges if they direct the Plan Agent to sell common shares held in a Plan account. In addition, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent s open-market purchases in connection with the reinvestment of dividends or distributions. If a participant elects to have the Plan Agent sell part or all of his or her common shares and remit the proceeds, such participant will be charged his or her pro rata share of brokerage commissions on the

shares sold. See Dividends and Distributions on Common Shares; Automatic Dividend Reinvestment Plan.

(3) The Fund pays Calamos an annual management fee, payable monthly, for its investment management services in an amount equal to 0.80% of the Fund s average weekly managed assets. In accordance with the requirements of the Commission, the table above shows the Fund s management fee as a percentage of average net assets attributable to common shareholders. By showing the management fee as a percentage of net assets, the management fee is not expressed as a percentage of all of the assets the Fund intends to invest. For purposes of the table, the management fee has been converted to 1.13% of the Fund s average weekly net assets as of October 31, 2015 by dividing the total dollar amount of the management fee by the Fund s average weekly net assets (managed assets less outstanding leverage).

(4) Reflects interest expense paid on $366 million in borrowings under the BNP Agreement and SSB Agreement, plus $32 million in additional structural leverage related to certain securities lending programs, as described above under Prospectus Summary Use of Leverage by the Fund.

(5) The Fund does not currently have any preferred stock issued or outstanding.

(6) Other Expenses are based on actual amounts incurred during the Fund s prior fiscal period.

(7) The example does not include sales load or estimated offering costs, which would cause the expenses shown in the example to increase.

The purpose of the table and the example above is to help investors understand the fees and expenses that they, as common shareholders, would bear directly or indirectly. For additional information with respect to our expenses, see Management of the Fund.

FINANCIAL HIGHLIGHTS

The information in the following table shows selected data for a common share outstanding throughout each period listed below. The information in this table for the year ended October 31, 2015 and each of the prior years then ended is derived from our financial statements audited by Deloitte & Touche LLP. See Available Information in this prospectus.

Selected data for a share outstanding throughout each period were as follows:

	Year Ended October 31,									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Net asset value, beginning of year	$ 14.24	$ 13.89	$ 13.08	$ 12.72	$ 13.03	$ 11.92	$ 8.30	$ 15.64	$ 15.44	$ 15.21
Income from investment operations:										
Net investment income (loss)	0.73**	0.79**	0.83**	0.86**	0.91**	0.96**	0.82**	1.05**	1.27**	1.34
Net realized and unrealized gain (loss)	(1.38)	0.69	1.00	0.52	(0.20)	1.17	3.82	(6.63)	0.75	0.75
Distributions to preferred shareholders from:										
Net investment income (common share equivalent basis)							(a)	(0.12)	(0.30)	(0.29)
Net realized gains (common share equivalent basis)								(0.07)	(0.03)	(0.02)
Total from investment operations	(0.65)	1.48	1.83	1.38	0.71	2.13	4.64	(5.77)	1.69	1.78
Less distributions to common shareholders from:										
Net investment income	(0.98)	(1.13)	(1.02)	(1.02)	(0.86)	(1.02)	(1.00)	(1.34)	(1.22)	(1.29)
Net realized gains							(0.02)	(0.23)	(0.27)	(0.26)
Return of capital	(0.22)				(0.16)					
Total distributions	(1.20)	(1.13)	(1.02)	(1.02)	(1.02)	(1.02)	(1.02)	(1.57)	(1.49)	(1.55)
Capital charge resulting from issuance of common and preferred shares and related offering costs			(a)	(a)	(a)	(a)	(a)	(a)		(a)
Premiums from shares					(a)	(a)				

sold in at the market offerings										
Net asset value, end of year	$ 12.39	$ 14.24	$ 13.89	$ 13.08	$ 12.72	$ 13.03	$ 11.92	$ 8.30	$ 15.64	$ 15.44
Market value, end of year	$ 11.61	$ 14.47	$ 12.85	$ 12.43	$ 11.96	$ 13.19	$ 11.01	$ 8.74	$ 14.67	$ 16.98
Total investment return based on:(b)										
Net asset value	(4.65)%	11.22%	15.13%	11.66%	5.80%	18.88%	60.83%	(39.96)%	11.31%	12.16%
Market value	(12.08)%	22.16%	12.08%	12.85%	(1.73)%	30.29%	41.07%	(32.59)%	(5.06)%	20.88%
Net assets, end of year (000)	$ 898,695	$ 1,029,902	$ 1,002,318	$ 943,813	$ 917,539	$ 921,278	$ 832,769	$ 563,187	$ 1,054,614	$ 1,030,741
Preferred shares, at redemption value ($25,000 per share liquidation preference) (000 s omitted)	$	$	$	$	$	$	$	$ 80,000	$ 430,000	$ 430,000
Ratios to average net assets applicable to common shareholders:										
Net expenses(c)	1.57%	1.47%	1.50%	1.60%	1.61%	1.73%	3.01%	1.91%	1.18%	1.20%
Gross expenses prior to expense reductions and earnings credits(c)	1.57%	1.47%	1.50%	1.60%	1.64%	1.79%	3.10%	2.04%	1.33%	1.34%
Net expenses, excluding interest expense	1.21%	1.18%	1.17%	1.16%	1.20%	1.20%	2.37%	1.29%	1.18%	1.20%
Net investment income (loss)(c)	5.38%	5.57%	6.18%	6.70%	6.99%	7.75%	8.56%	7.77%	8.20%	8.76%
Preferred share distributions	%	%	%	%	%	%	0.04%	0.87%	1.95%	1.88%
Net investment income (loss), net of preferred share distributions from net investment income	5.38%	5.57%	6.18%	6.70%	6.99%	7.75%	8.52%	6.90%	6.25%	6.88%
Portfolio turnover rate	37%	35%	62%	54%	42%	39%	29%	55%	57%	38%
Average commission rate paid	$ 0.0286	$ 0.0292	$ 0.0288	$ 0.0214	$ 0.0211	$	$	$	$	$
Asset coverage per preferred share, at end of year(d)	$	$	$	$	$	$	$	$ 201,006	$ 86,333	$ 84,945
Asset coverage per $1,000 of loan outstanding(e)	$ 3,258	$ 3,575	$ 3,538	$ 4,006	$ 3,922	$ 4,412	$ 4,084	$ 3,438	$	$

** Net investment income allocated based on average shares method.

(a) Amount equated to less than $0.005 per common share.

(b) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund s dividend reinvestment plan. Total return is not annualized for periods less than one year. Brokerage commissions are not reflected. NAV per share is determined by dividing the value of the Fund s portfolio securities, cash and other assets, less all liabilities, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the Fund at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions.

(c) Does not reflect the effect of dividend payments to Preferred Shareholders.

(d) Calculated by subtracting the Fund s total liabilities (not including Preferred Shares) from the Fund s total assets and dividing this by the number of Preferred Shares outstanding.

(e) Calculated by subtracting the Fund s total liabilities (not including Notes payable) and preferred shares from the Fund s total assets and dividing this by the amount of notes payable outstanding, and by multiplying the result by 1,000.

The following table sets forth information regarding the Fund s outstanding bank loans and auction rate preferred shares of beneficial interest (ARPS) as of the end of each of the Fund s last ten fiscal years. The information in the table shown below comes from the Fund s financial statements for the fiscal year ended October 31, 2015, and each of the prior nine years then ended, all of which have been audited by Deloitte & Touche LLP, the Fund s independent registered public accounting firm.

Fiscal Year Ended	Total Amount Outstanding	Asset Coverage(a)	Involuntary Liquidating Preference per Preferred Share(b)	Average Market Value per Preferred Share(c)	Type of Senior Security
October 31, 2015	398,000,000	3,258			Loan
October 31, 2014	400,000,000	3,575			Loan
October 31, 2013	395,000,000	3,538			Loan
October 31, 2012	314,000,000	4,006			Loan
October 31, 2011	314,000,000	3,922			Loan
October 31, 2010	270,000,000	4,412			Loan
October 31, 2009	270,000,000	4,084			Loan
October 31, 2008	231,000,000	3,438			Loan
October 31, 2008	80,000,000	201,006	25,000	N/A	ARPS
October 31, 2007	430,000,000	86,333	25,000	N/A	ARPS
October 31, 2006	430,000,000	84,945	25,000	N/A	ARPS

(a) Calculated by subtracting the Fund s total liabilities (not including Note payable) from the Fund s total assets and dividing this by the amount of note payable outstanding, and by multiplying the result by 1,000.

(b) Involuntary Liquidating Preference per Preferred Share means the amount to which a holder of preferred shares would be entitled upon the involuntary liquidation of the Fund in preference to common shareholders, expressed as a dollar amount per preferred share.

(c) The preferred shares had no readily ascertainable market value. Auctions for the ARPS failed beginning in February 2008. The preferred shares are no longer outstanding.

MARKET AND NET ASSET VALUE INFORMATION

Our common shares are listed on the NASDAQ Global Select Market (NASDAQ) under the symbol CHY. Our common shares commenced trading on the New York Stock Exchange (NYSE) in May 2003. On July 2, 2012, the common shares ceased trading on the NYSE and commenced trading on the NASDAQ.

Our common shares have traded both at a premium and a discount to NAV. We cannot predict whether our shares will trade in the future at a premium or discount to NAV. The provisions of the 1940 Act generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company s common stock (calculated within 48 hours of pricing). Our issuance of common shares may have an adverse effect on prices in the secondary market for our common shares by increasing the number of common shares available, which may put downward pressure on the market price for our common shares. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV. See Risk Factors Additional Risks to Common Shareholders Market Discount Risk.

The following table sets forth for each of the periods indicated the high and low closing market prices for our common shares on the NASDAQ or NYSE, as applicable, the NAV per share and the premium or discount to

NAV per share at which our common shares were trading. NAV is shown for the last business day of each quarter. See Determination of Net Asset Value for information as to the determination of our NAV.

Quarter Ended	Market Price(1)		Net Asset Value at Quarter End(2)	Premium/ (Discount) to Net Asset Value(3)	
	High	Low		High	Low
January 31, 2014	13.40	12.69	14.14	(6.29)%	(8.38)%
April 30, 2014	14.12	12.98	14.32	(2.82)%	(7.48)%
July 31, 2014	15.09	13.98	14.27	2.17%	(2.71)%
October 31, 2014	14.88	13.19	14.24	1.50%	(0.75)%
January 31, 2015	14.63	13.44	13.43	4.13%	1.28%
April 30, 2015	14.85	14.01	13.80	6.68%	3.78%
July 31, 2015	14.52	12.11	13.36	3.13%	(9.36)%
October 31, 2015	12.42	10.65	12.39	(6.83)%	(11.76)%
January 31, 2016	11.72	8.97	10.70	(6.24)%	(14.33)%

Source: Bloomberg Financial and Fund Accounting Records.

(1) Based on high and low closing market price per share during the respective quarter and does not reflect commissions.

(2) Based on the NAV calculated on the close of business on the last business day of each calendar quarter.

(3) Premium and discount information is shown for the days when the Fund experienced its high and low closing market prices, respectively, per share during the respective quarter.

The last reported sale price, NAV per common share and percentage discount to NAV per common share on January 31, 2016 were $9.49, $10.70 and (11.31)% respectively. As of January 31, 2016, we had 72,537,011 common shares outstanding and managed assets of $1.1 billion.

USE OF PROCEEDS

Subject to the remainder of this section, and unless otherwise specified in a prospectus supplement, we currently intend to invest the net proceeds of any sales of our securities pursuant to this prospectus in accordance with our investment objective and policies as described under Investment Objective and Principal Investment Strategies within approximately three months of receipt of such proceeds. Such investments may be delayed if suitable investments are unavailable at the time or for other reasons. Pending such investment, we anticipate that we will invest the proceeds in securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations. We may also use proceeds from the sale of our securities to (i) retire all or a portion of any short-term debt we incur in pursuit of our investment objective and policies and (ii) for working capital purposes, including the payment of interest and operating expenses, although there is currently no intent to issue securities primarily for this purpose. A delay in the anticipated use of proceeds could lower returns, reduce our distribution to common shareholders and reduce the amount of cash available to make dividend and interest payments on preferred shares and debt securities, respectively.

THE FUND

Calamos Convertible and High Income Fund is a diversified, closed-end management investment company which commenced investment operations in May 2003. The Fund was organized as a statutory trust under the laws of the State of Delaware on March 12, 2003, and has registered under the 1940 Act. On May 27, 2003, the Fund issued an aggregate 52,200,000 common shares, no par value, in an initial public offering and commenced its operations. On June 11, 2003 and July 15, 2003, the Fund issued an additional 4,000,000 and 3,800,000 common shares, respectively, in connection with exercises by the underwriters of their over-allotment option. The net proceeds of the initial public offering and subsequent exercises of the over-allotment option were approximately $858.2 million after the payment of offering expenses. As of

October 31, 2015, the Fund had issued an additional 3,767,833 common shares in connection with a continuous, at-the-market offering that commenced in June 2008. The net proceeds of that offering through October 31, 2015 were $43 million. As of January 31, 2016, the Fund had $362 million in borrowings outstanding under the BNP Agreement and SSB Agreement, with no additional structural leverage, representing 31.8% of managed

assets as of that date. Structural leverage refers to borrowings under the Credit Agreement in respect of which the Fund s interest payments are reduced or eliminated by the Fund s securities lending activities. The Fund s common shares are listed on the NASDAQ under the symbol CHY. The Fund s principal office is located at 2020 Calamos Court, Naperville, Illinois 60563, and its telephone number is 1-800-582-6959.

The following table provides information about our outstanding securities as of January 31, 2016:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common Shares	Unlimited	0	72,537,011

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objective

The Fund s investment objective is to provide total return through a combination of capital appreciation and current income. The Fund s investment objective may be changed by the Board of Trustees without a shareholder vote, although the Fund will give shareholders at least 60 days written notice of any change to the Fund s investment objective. The Fund makes no assurance that it will realize its objective. An investment in the Fund may be speculative in that it involves a high degree of risk and should not constitute a complete investment program. See Risk Factors.

Principal Investment Strategies

Under normal circumstances, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities. This is a non-fundamental policy and may be changed by the Board of Trustees of the Fund provided that shareholders are provided with at least 60 days prior written notice of any change as required by the rules under the 1940 Act. The portion of the Fund s assets invested in convertible securities and below investment grade (high yield/high risk) non-convertible debt securities will vary from time to time consistent with the Fund s investment objective, changes in equity prices and changes in interest rates and other economic and market factors, although, under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities and at least 20% of its managed assets in below investment grade (high yield/high risk) non-convertible debt securities (so long as, under normal circumstances, the combined total equals at least 80% of the Fund s managed assets). The Fund invests in securities with a broad range of maturities. The average term to maturity of the Fund s securities typically will range from five to ten years.

The Fund starts from a universe of primarily convertible and high yield non-convertible debt securities, and performs fundamental research to assess credit. The Fund filters out securities of issuers with a high probability of bankruptcy, declining credits, or distressed credits. The Fund also screens issues based on equity characteristics of the security, such as intrinsic/economic business value, cash flow generation, and sufficient access to capital. The Fund then ensures there is sufficient return potential, and assesses relative risk/reward. Finally, the Fund performs top-down portfolio construction by actively managing the security mix, overlay macro/industry themes, and diversity by sector and industry.

The Fund s derivative activities are principally focused on the following derivatives: interest rate swaps, convertible securities, synthetic convertible securities, options on individual securities, index options and forward currency exchange contracts. However, the Fund reserves the right to invest in other derivative instruments to the extent it is consistent with the Fund s investment objective and restrictions.

Convertible Securities. Investment in convertible securities forms an important part of the Fund s investment strategies. Under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities. A convertible security is a debt security or preferred stock that is exchangeable for an equity security (typically of the same issuer) at a predetermined price. Depending upon the relationship of the

conversion price to the market value of the underlying security, a convertible security may trade more like an equity security than a debt instrument. The Fund may invest in convertible securities of any rating.

Calamos typically applies a four-step approach when buying and selling convertible securities for the Fund, which includes:

l. Evaluating the default risk of the convertible security using traditional credit analysis;

2. Analyzing the convertible s underlying common stock to determine its capital appreciation potential;

3. Assessing the risk/return potential of the convertible security; and

4. Evaluating the convertible security s impact on the overall composition of the Fund and its diversification strategy.

In analyzing the appreciation potential of the underlying common stock and the default risk of the convertible security, Calamos generally considers the issuer s:

financial soundness;

ability to make interest and dividend payments;

earnings and cash-flow forecast; and

quality of management.

Synthetic Convertible Securities. The Fund may invest in synthetic convertible securities. A synthetic convertible security is a financial instrument that is designed to simulate the characteristics of another instrument (i.e., a convertible security) through the combined features of a collection of other securities or assets. Calamos may create a synthetic convertible security by combining separate securities that possess the two principal characteristics of a true convertible security, i.e., a fixed-income security (fixed-income component , which may be a convertible or non- convertible security) and the right to acquire an equity security (convertible component). The fixed-income component is achieved by investing in fixed-income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index. The Fund may also purchase synthetic convertible securities created by other parties, typically investment banks, including convertible structured notes. Convertible structured notes are fixed income debentures linked to equity. Convertible structured notes have the attributes of a convertible security, however, the investment bank that issued the convertible note assumes the credit risk associated with the investment, rather than the issuer of the underlying common stock into which the note is convertible. Different companies may issue the fixed-income and convertible components, which may be purchased separately and at different times. The Fund remains subject to the credit risk of the issuing investment bank.

The Fund may also invest in synthetic convertible securities created by third parties, typically investment banks. Synthetic convertible securities created by such parties may be designed to simulate the characteristics of traditional convertible securities or may be designed to alter or emphasize a particular feature. Traditional convertible securities typically offer the opportunity for stable cash flows with the ability to participate in capital appreciation of the underlying common stock. Traditional convertible securities are exercisable at the option of the holder. Synthetic convertible securities may alter these characteristics by offering enhanced yields in exchange for reduced capital appreciation or additional risk of loss, or any combination of these features. Synthetic convertible instruments may include structured notes, equity-linked notes, mandatory convertibles and combinations of securities and instruments, such as a debt instrument combined with a forward contract.

Some examples of these securities include:

Preferred equity redeemable cumulative stock (PERCS) are shares that automatically convert into one ordinary share upon maturity. They are usually issued at the prevailing share price, convertible into one ordinary share, with an enhanced dividend yield. PERCS pay a higher dividend than common shares, but the equity appreciation is capped. Above a certain share price, the conversion ratio will fall as the stock rises,

capping the appreciation at that level. Below this level, the conversion ratio remains one-for-one, giving the same downside exposure as the ordinary shares, excluding the income difference.

Dividend enhanced convertible stock (DECS) are either preference shares or subordinated bonds. These, like PERCS, mandatorily convert into ordinary shares at maturity, if not already converted. DECS give no significant loss protection and involve a risk of loss comparable to investing directly in equity securities, with lower relative direct bond characteristics and interest rate exposure. As with PERCS, some of the appreciation potential is capped and in return, the investor receives an enhanced potential yield. Unlike PERCS, however, the investor s appreciation potential is not capped. Instead, the investor limits its ability to participate in appreciation within a range of prices.

Preferred Redeemable Increased Dividend Equity Security (PRIDES) are synthetic securities consisting of a forward contract to purchase the issuer s underlying security and an interest bearing deposit. Interest payments are made at regular intervals, and conversion into the underlying security is mandatory at maturity. Similar to convertible securities, PRIDES allow investors the potential to earn stable cash flows while still participating in the appreciation of an underlying stock.

The Fund s holdings of synthetic convertible securities are considered convertible securities for purposes of the Fund s policy to invest at least 20% of its managed assets in convertible securities and 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities.

High Yield Securities. Investment in high yield non-convertible debt securities forms an important part of the Fund s investment strategies. The Fund will invest in high yield securities for either current income or capital appreciation or both. Under normal circumstances, the Fund will invest at least 20% of its managed assets in high yield non-convertible debt securities. The high yield securities in which the Fund invests are rated Ba or lower by Moody s or BB or lower by Standard & Poor s or are unrated but determined by Calamos to be of comparable quality. The Fund may invest in high yield securities of any rating. The Fund may, but currently does not intend to, invest up to 5% of its managed assets in distressed securities that are in default or the issuers of which are in bankruptcy. Non-convertible debt securities rated below investment grade are commonly referred to as junk bonds and are considered speculative with respect to the issuer s capacity to pay interest and repay principal. Below investment grade non-convertible debt securities involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated debt securities.

Foreign Securities. Although the Fund primarily invests in securities of U.S. issuers, the Fund may invest up to 25% of its managed assets in securities of foreign issuers in developed and emerging markets, including debt and equity securities of corporate issuers and debt securities of government issuers. A foreign issuer is a foreign government or a company organized under the laws of a foreign country. The Fund may invest up to 15% of its managed assets in securities of foreign issuers in emerging markets.

Other Income Securities. The Fund may also invest in investment grade debt securities. The Fund s investments in investment grade debt securities may have fixed or variable principal payments and all types of interest rate and dividend payment and reset terms, including fixed rate, adjustable rate, zero coupon, contingent, deferred, payment in kind and auction rate features.

Preferred Shares. The Fund may invest in preferred stock. The preferred stock in which the Fund typically will invest will be convertible securities. Preferred shares are equity securities, but they have many characteristics of fixed income securities, such as a fixed dividend payment rate and/or a liquidity preference over the issuer s common shares. However, because preferred stocks are equity securities, they may be more susceptible to risks traditionally associated with equity investments than the Fund s fixed income securities.

Options Writing. The Fund may seek to generate income from option premiums by writing (selling) options. The Fund may write (sell) call options (i) on a portion of the equity securities (including equity securities obtainable by the Fund through the exercise of its rights with respect to convertible securities it owns) in the Fund s portfolio and (ii) on broad-based securities indexes (such as the S&P 500 or MSCI EAFE) or certain ETFs (exchange traded funds) that trade like common stocks but seek to replicate such market indexes.

In addition, to seek to offset some of the risk of a potential decline in value of certain long positions, the Fund may also purchase put options on individual securities, broad-based securities indexes (such as the S&P 500 or MSCI EAFE), or certain ETFs that trade like common stocks but seek to replicate market indexes.

Rule 144A Securities. The Fund may invest without limit in Rule 144A Securities, such as convertible and debt securities, that are typically purchased in transactions exempt from the registration requirements of the 1933 Act pursuant to Rule 144A under that Act. Rule 144A Securities may only be sold to qualified institutional buyers, such as the Fund. Any resale of these securities must generally be effected through a sale that is registered under the 1933 Act or otherwise exempted or excepted from such registration requirements. Under the supervision and oversight of the Fund s Board of Trustees, Calamos will determine whether Rule 144A Securities are liquid. Typically, the Fund purchases Rule 144A Securities only if Calamos has determined them to be liquid. If any Rule 144A Security held by the Fund should become illiquid, the value of the security may be reduced and a sale of the security may be more difficult.

REITs. The Fund may invest in securities of real estate investment trusts (REITs), including debt securities they may issue. REITs primarily invest in income-producing real estate or real estate related loans or interests. REITs are generally classified as equity REITs, mortgage REITs or a combination of equity and mortgage REITs. Equity REITs invest the majority of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest the majority of their assets in real estate mortgages and derive income from the collection of interest payments. REITs are not taxed on income distributed to shareholders provided they comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the Code). The Fund will indirectly bear its proportionate share of any management and other expenses paid by REITs in which it invests in addition to the expenses paid by the Fund. Debt securities issued by REITs are, for the most part, general and unsecured obligations and are subject to risks associated with REITs.

U.S. Government Securities. U.S. government securities in which the Fund invests include debt obligations of varying maturities issued by the U.S. Treasury or issued or guaranteed by an agency or instrumentality of the U.S. government, including the Federal Housing Administration, Federal Financing Bank, Farmers Home Administration, Export-Import Bank of the United States, Small Business Administration, Government National Mortgage Association (GNMA), General Services Administration, Central Bank for Cooperatives, Federal Farm Credit Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Maritime Administration, Tennessee Valley Authority, District of Columbia Armory Board, Student Loan Marketing Association, Resolution Fund Corporation and various institutions that previously were or currently are part of the Farm Credit System (which has been undergoing reorganization since 1987). Some U.S. government securities, such as U.S. Treasury bills, Treasury notes and Treasury bonds, which differ only in their interest rates, maturities and times of issuance, are supported by the full faith and credit of the United States. Others are supported only by: (i) the right of the issuer to borrow from the U.S. Treasury, such as securities of the Federal Home Loan Banks; (ii) the discretionary authority of the U.S. government to purchase the agency s obligations, such as securities of the FNMA; or (iii) only the credit of the issuer. No assurance can be given that the U.S. government will provide financial support in the future to U.S. government agencies, authorities or instrumentalities that are not supported by the full faith and credit of the United States. Securities guaranteed as to principal and interest by the U.S. government, its agencies, authorities or instrumentalities include: (i) securities for which the payment of principal and interest is backed by an irrevocable letter of credit issued by the U.S. government or any of its agencies, authorities or instrumentalities; and (ii) participations in loans made to non-U.S. governments or other entities that are so guaranteed. The secondary market for certain of these participations is limited and, therefore, may be regarded as illiquid.

Zero Coupon Securities. The securities in which the Fund invests may include zero coupon securities, which are debt obligations that are issued or purchased at a significant discount from face value. The discount may approximate the total amount of interest the security will accrue and compound over the period until maturity or the particular interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. Zero coupon securities do not require the periodic payment of interest. These investments benefit the issuer by mitigating its need for cash to meet debt service, but generally require a higher rate of return

to attract investors who are willing to defer receipt of cash. These investments involve greater interest rate risk and may experience greater volatility in market value than comparable securities that make regular payments of interest. The Fund accrues income on these investments for tax and accounting purposes, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Fund s distribution obligations, in which case the Fund will forgo the purchase of additional income producing assets with these funds. Zero coupon U.S. government securities include STRIPS and CUBES, which are issued by the U.S. Treasury as component parts of U.S. Treasury bonds and represent scheduled interest and principal payments on the bonds.

Equity Securities. Consistent with its objective, the Fund may invest in equity securities, including common and preferred stocks, warrants, rights and depository receipts. Equity securities, such as common stock, generally represent an ownership interest in a company. The values of equity securities may be particularly volatile, especially as market and economic conditions change. An adverse event, such as an unfavorable earnings report, may depress the value of a particular equity security held by the Fund. Also, the prices of equity securities, particularly common stocks, are sensitive to general changes in economic conditions and movements in the stock market. A drop in the stock market may depress the price of equity securities held by the Fund.

Other Investment Companies. The Fund may invest in the securities of other investment companies to the extent that such investments are consistent with the Fund s investment objective and policies and are permissible under the 1940 Act. Under the 1940 Act, the Fund may not acquire the securities of other domestic or non-U.S. investment companies if, as a result, (1) more than 10% of the Fund s total assets would be invested in securities of other investment companies, (2) such purchase would result in more than 3% of the total outstanding voting securities of any one investment company being held by the Fund, (3) more than 5% of the Fund s total assets would be invested in any one investment company, or (4) such purchase would result in more than 10% of the total outstanding voting securities of a registered closed-end investment company being held by the Fund. These limitations do not apply to, among other things, the purchase of shares of money market funds, of certain related funds or of funds with exemptive relief, or of any investment company in connection with a merger, consolidation, reorganization or acquisition of substantially all the assets of another investment company.

The Fund, as a holder of the securities of other investment companies, will bear its pro rata portion of the other investment companies expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund s own operations. In addition, the Fund s performance may be magnified positively or negatively by virtue of its investment in other investment companies.

Temporary and Defensive Investments. Under unusual market or economic conditions or for temporary defensive purposes, the Fund may invest in a manner that is inconsistent with its principal investment strategies described herein. In those situations, the Fund may invest up to 100% of its managed assets in securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, certificates of deposit, bankers acceptances and other bank obligations, commercial paper rated in the highest category by a nationally recognized statistical rating organization (NRSRO) or other fixed income securities deemed by Calamos to be consistent with a defensive posture, or may hold cash. The yield on such securities may be lower than the yield on lower rated fixed income securities. During such periods, the Fund may not be able to achieve its investment objective.

Repurchase Agreements. The Fund may enter into repurchase agreements with broker-dealers, member banks of the Federal Reserve System and other financial institutions. Repurchase agreements are arrangements under which the Fund purchases securities and the seller agrees to repurchase the securities within a specific time and at a specific price. The repurchase price is generally higher than the Fund s purchase price, with the difference being income to the Fund. The counterparty s obligations under the repurchase agreement are typically collateralized with U.S. Treasury and/or agency obligations with a market value of not less than 100% of the obligations, valued daily. Collateral is typically held by the Fund s custodian in a segregated, safekeeping account for the benefit of the Fund. Repurchase agreements afford the Fund an opportunity to earn income on temporarily available cash. In the event of commencement of bankruptcy or insolvency proceedings with respect to the issuer of the repurchase agreement before repurchase of the security under a repurchase agreement, the Fund may encounter losses and delay and incur costs before being able to sell the security. Such a delay may

involve loss of interest or a decline in price of the security. If the court characterizes the transaction as a loan and the Fund has not perfected a security interest in the security, the Fund may be required to return the security to the seller s estate and be treated as an unsecured creditor of the seller. As an unsecured creditor, the Fund would be at risk of losing some or all of the principal and interest involved in the transaction.

Lending of Portfolio Securities. In addition to the BNP Agreement, the Fund may lend portfolio securities through SSB as securities lending agent, or through another securities lending agent, to registered broker-dealers or other institutional investors deemed by Calamos to be of good standing under agreements which require that the loans be secured continuously by collateral received in cash, cash equivalents, or U.S. Treasury bills and maintained on a current basis at an amount at least equal to the market value of the securities loaned. Cash collateral held by SSB on behalf of the Fund may be credited against the amounts borrowed under the SSB Agreement, such that the Fund will not bear interest expense with respect to those borrowed amounts. Any amounts credited against the SSB Agreement would count against the Fund s leverage limitations, unless otherwise covered in accordance with SEC Release IC-10666. Under the terms of the Authorized Agreement with SSB, SSB will return the value of the collateral to the borrower which will eliminate the credit against the SSB Agreement and will increase the balance on which the Fund will pay interest. Under the terms of the Authorized Agreement with SSB, the Fund will make a variable net income payment related to any collateral credited against the SSB Agreement which will be paid to the securities borrower, less any payments due to the Fund or SSB under the terms of the Authorized Agreement. The Fund does not use affiliated agents in managing its lending program. The Fund continues to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned as well as the benefit of an increase and the detriment of any decrease in the market value of the securities loaned and would also receive compensation based on investment of the collateral, but bears the risk of loss on any collateral so invested. The Fund would not, however, have the right to vote any securities having voting rights during the existence of the loan, but could seek to call the loan in advance of an important vote to be taken among holders of the securities or of the giving or withholding of consent on a material matter affecting the investment.

As with other extensions of credit, there are risks of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. The Fund remains liable for the return of the pledged collateral or cash of an equivalent value. The value of the securities loaned will not generally exceed 33 1/3% of the value of the Fund s managed assets. See Description of Securities for more information on lending of portfolio securities.

Portfolio Turnover. It is the policy of the Fund not to engage in trading for short-term profits although portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for the Fund.

Fundamental Investment Restrictions. As more fully described in the Fund s statement of additional information, under the Fund s fundamental investment restrictions, the Fund may not: (1) issue senior securities, except as permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder; (2) borrow money, except as permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder; (3) invest in real estate, except that the Fund may invest in securities of issuers that invest in real estate or interests therein, securities that are secured by real estate or interests therein, securities of real estate investment funds and mortgage-backed securities; (4) make loans, except by the purchase of debt obligations, by entering into repurchase agreements or through the lending of portfolio securities and as otherwise permitted by the 1940 Act and the rules and interpretive positions of the SEC thereunder; (5) invest in physical commodities or contracts relating to physical commodities; (6) act as an underwriter, except as it may be deemed to be an underwriter in a sale of securities held in its portfolio; (7) make any investment inconsistent with the Fund s classification as a diversified investment company under the 1940 Act and the rules and interpretive positions of the SEC thereunder; and (8) concentrate its investments in securities of companies in any particular industry as defined in the 1940 Act and the rules and interpretive positions of the SEC thereunder. This description of the Fund s fundamental investment restrictions is a summary only and to the extent it differs from the discussion of fundamental investment restrictions contained in the Fund s statement of additional information, the description in the statement of additional information controls.

These restrictions may not be changed without the approval of the holders of a majority of the Fund s outstanding voting securities. All other investment policies of the Fund are considered non-fundamental and may

be changed by the Board of Trustees without prior approval of the Fund s outstanding voting shares, although the Fund will give shareholders at least 60 days notice of any changes to the Fund s investment objective. See Investment Restrictions on page S-19 of the Fund s statement of additional information.

Conflicts of Interest

Conflicts of interest may arise from the fact that Calamos and its affiliates carry on substantial investment activities for other clients, in which the Fund does not have an interest, some of which may have similar investment strategies as the Fund. Calamos or its affiliates may have financial incentives to favor certain of such accounts over the Fund. Any of their proprietary accounts and other customer accounts may compete with the Fund for specific trades. Calamos or its affiliates may give advice and recommend securities to, or buy or sell securities for, the Fund which advice or securities may differ from advice given to, or securities recommended or bought or sold for, other accounts and customers, even though their investment objectives may be the same as, or similar to, the Fund s objectives. When two or more clients advised by Calamos or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by Calamos in its discretion and in accordance with the client s various investment objectives and Calamos procedures. In some cases, this system may adversely affect the price or size of the position the Fund may obtain or sell. In other cases, the Fund s ability to participate in volume transactions may produce better execution for the Fund.

Calamos will evaluate a variety of factors in determining whether a particular investment opportunity or strategy is appropriate and feasible for the relevant account at a particular time, including, but not limited to, the following: (1) the nature of the investment opportunity taken in the context of the other investments at the time; (2) the liquidity of the investment relative to the needs of the particular entity or account; (3) the availability of the opportunity (i.e., size of obtainable position); (4) the transaction costs involved; and (5) the investment or regulatory limitations applicable to the particular entity or account. Because these considerations may differ when applied to the Fund and relevant accounts under management in the context of any particular investment opportunity, the Fund s investment activities, on the one hand, and other managed accounts, on the other hand, may differ considerably from time to time. In addition, the Fund s fees and expenses will differ from those of the other managed accounts. Accordingly, investors should be aware that the Fund s future performance and future performance of other accounts of Calamos may vary.

Situations may occur when the Fund could be disadvantaged because of the investment activities conducted by Calamos and its affiliates for their other funds or accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for the Fund or the other accounts, thereby limiting the size of the Fund s position; (2) the difficulty of liquidating an investment for the Fund or the other accounts where the market cannot absorb the sale of the combined position; or (3) limits on co-investing in negotiated transactions under the 1940 Act.

Calamos and its principals, officers, employees, and affiliates may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on the Fund s behalf. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of Calamos that are the same as, different from, or made at a different time than positions taken for the Fund.

Calamos investment management fee is a percentage of the Fund s managed assets, and Calamos investment management fee will be higher if the Fund sells additional common shares or employs leverage. Accordingly, Calamos will benefit from the sale of additional common shares, preferred shares, or debt securities and may have an incentive to be more aggressive and leverage the Fund.

LEVERAGE

The Fund may issue preferred shares or debt securities or borrow to increase its assets available for investment. As of January 31, 2016, the Fund had $362 million in borrowings outstanding under the BNP Agreement and the SSB Agreement. This leverage represented 31.8% of managed assets as of that date. As a

non-fundamental policy, the Fund may not issue debt securities, borrow money or issue preferred shares in an aggregate amount exceeding 38% of the Fund s managed assets measured at the time of issuance of the new securities. However, the Board of Trustees reserves the right to issue preferred shares or debt securities or borrow to the extent permitted by the 1940 Act or under any order issued by the Commission, as described below.

The holders of preferred shares will be entitled to receive a preferential liquidating distribution, which is expected to equal the original purchase price per preferred share plus accumulated and unpaid dividends, whether or not declared, before any distribution of assets is made to holders of common shares. The 1940 Act requires that the holders of any preferred shares, voting separately as a single class, have the right to elect at least two Trustees at all times. The remaining Trustees will be elected by holders of common shares and preferred shares, voting together as a single class. The holders of any preferred shares have the right to elect a majority of the Trustees at any time two years accumulated dividends on any preferred shares are unpaid.

The Fund also may borrow money as a temporary measure for extraordinary or emergency purposes, including the payment of dividends and the settlement of securities transactions, which otherwise might require untimely dispositions of the Fund s holdings. When the Fund leverages its assets, the fees paid to Calamos for investment management services will be higher than if the Fund did not leverage because Calamos fees are calculated based on the Fund s managed assets, which include the proceeds of the issuance of preferred shares or debt securities or any outstanding borrowings. Consequently, the Fund and Calamos may have differing interests in determining whether to leverage the Fund s assets. The Fund s Board of Trustees monitors any such potential conflicts of interest on an ongoing basis.

The Fund s use of leverage is premised upon the expectation that the Fund s leverage costs will be lower than the return the Fund achieves on its investments with the leverage proceeds. Such difference in return may result from the Fund s higher credit rating or the short-term nature of its borrowing compared to the lower credit quality, long-term nature of its investments. Because Calamos seeks to invest the Fund s managed assets (including the assets obtained from leverage) in a portfolio of potentially higher yielding investments or portfolio investments with the potential for capital appreciation, the holders of common shares will be the beneficiaries of any incremental return but will bear the risk of loss on investments made with the leverage proceeds. Should the differential between the Fund s return on its investments made with the proceeds of leverage and the cost of the leverage narrow, the incremental return pick up will be reduced or the Fund may incur losses. If long-term interest rates rise without a corresponding increase in the yield on the Fund s portfolio investmew:hidden;font-size:10pt;">

$
(155,810
)

$
2,517,981

$
2,298

$
2,520,279

BALANCE AT DECEMBER 31, 2013

239,707

$
2,812

$
1,777,894

$
1,054,431

$
(4,192
)

(5,817
)

$
(116,613
)

$
2,714,332

$
9,539

$
2,723,871

Acquisition of QIAGEN Marseille S.A. shares from non-controlling interests

—

—

—

—

—

—

—

—

(325
)

(325
)
Net income

—

—

—

90,791

—

—

—

90,791

362

91,153

Proceeds from subscription receivables

—

—

536

—

—

—

—

536

—

536

Redemption of subscription receivables

—

—

(67,943
)

—

—

—

—

(67,943
)

—

(67,943
)
Issuance of warrants

—

—

68,900

—

—

—

—

68,900

—

68,900

Translation adjustment, net

—

—

—

—

(70,887
)

—

—

(70,887
)

(1,217
)

(72,104
)
Purchase of treasury shares

—

—

—

—

—

(4,037
)

(91,912
)

(91,912
)

—

(91,912
)
Issuance of common shares in connection with warrant exercise

—

—

—

(12,115
)

—

1,373

30,917

18,802

—

18,802

Issuance of common shares in connection with stock plan

—

—

—

(31,711
)

—

2,129

41,829

10,118

—

10,118

Share-based compensation

—

—

29,603

—

—

—

—

29,603

—

29,603

Excess tax benefit of employee stock plans

—

—

2,966

—

—

—

—

2,966

—

2,966

BALANCE AT
SEPTEMBER 30, 2014

239,707

$
2,812

$
1,811,956

$
1,101,396

$
(75,079
)

(6,352
)

$
(135,779
)

$
2,705,306

$
8,359

$
2,713,665

The accompanying notes are an integral part of these condensed consolidated financial statements.

7

Table of Contents

QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Note	Nine months ended September 30, 2015	2014
		(unaudited)	
Cash flows from operating activities:			
Net income		$78,484	$91,153
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization		139,666	149,683
Non-cash impairments	(5)	2,189	6,000
Share-based compensation expense	(15)	22,575	29,603
Excess tax benefits from share-based compensation		(2,513)	(2,966)
Deferred income taxes		(7,899)	(16,991)
Loss on early redemption of debt	(9)	7,564	4,560
Other items, net including fair value changes in derivatives		65,827	15,760
Net changes in operating assets and liabilities:			
Accounts receivable		5,221	(7,081)
Inventories		(24,992)	(26,904)
Prepaid expenses and other		(7,557)	(1,196)
Other long-term assets		4,225	(4,187)
Accounts payable		(3,411)	(7,922)
Accrued and other liabilities		(20,440)	(38,680)
Income taxes		(19,301)	15,853
Other long-term liabilities		(8,903)	2,263
Net cash provided by operating activities		230,735	208,948
Cash flows from investing activities:			
Purchases of property, plant and equipment		(67,683)	(60,270)
Proceeds from sale of equipment		103	25
Purchases of intangible assets		(14,432)	(7,192)
Purchases of investments		(5,596)	(9,272)
Cash paid for acquisitions, net of cash acquired	(3)	(7,097)	(41,715)
Purchases of short-term investments		(190,508)	(296,154)
Proceeds from sales of short-term investments		274,125	129,790
Other investing activities		(6,055)	4,008
Net cash used in investing activities		(17,143)	(280,780)
Cash flows from financing activities:			
Net proceeds from issuance of cash convertible notes and cash paid for issuance costs	(9)	(86)	717,554
Purchase of call option related to cash convertible notes	(9)	—	(105,170)
Proceeds from issuance of warrants		—	68,900
Repayment of long-term debt	(9)	(251,398)	(387,050)
Principal payments on capital leases		(809)	(3,426)
Proceeds from subscription receivables		97	536
Excess tax benefits from share-based compensation		2,513	2,966
Proceeds from issuance of common shares		9,117	10,118
Purchase of treasury shares	(12)	(20,818)	(91,912)
Other financing activities		(836)	18,020

Net cash (used in) provided by financing activities	(262,220)	230,536
Effect of exchange rate changes on cash and cash equivalents	(13,088)	(4,797)
Net (decrease) increase in cash and cash equivalents	(61,716)	153,907
Cash and cash equivalents, beginning of period	392,667	330,303
Cash and cash equivalents, end of period	$330,951	$484,210

The accompanying notes are an integral part of these condensed consolidated financial statements.

8

Table of Contents

QIAGEN N.V. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Corporate Information

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with a registered office at Spoorstraat 50, Venlo, The Netherlands. QIAGEN N.V., a Netherlands holding company, and subsidiaries (QIAGEN, we, our or the Company) is a leading global provider of Sample to Insight solutions to transform biological materials into valuable molecular insights. Our sample technologies isolate and process DNA, RNA and proteins from blood, tissue and other materials. Assay technologies make these biomolecules visible and ready for analysis. Bioinformatics software and knowledge bases interpret data to report relevant, actionable insights. Automation solutions tie these together in seamless and cost-effective molecular testing workflows. We provide these workflows to four major customer classes: Molecular Diagnostics (human healthcare), Applied Testing (forensics, veterinary testing and food safety), Pharma (pharmaceutical and biotechnology companies) and Academia (life sciences research). We market our products in more than 100 countries.

2. Basis of Presentation and Accounting Policies

Basis of Presentation

The condensed consolidated financial statements include the accounts of QIAGEN N.V., its wholly-owned subsidiaries and any partially owned subsidiaries that the Company has the ability to control. All significant intercompany accounts and transactions have been eliminated. All amounts are presented in U.S. dollars, unless otherwise indicated. Investments in companies where we exercise significant influence over the operations but do not have control, and where we are not the primary beneficiary, are accounted for using the equity method. All other investments are accounted for under the cost method. When there is a portion of equity in an acquired subsidiary not attributable, directly or indirectly, to the Company, we record the fair value of the noncontrolling interests at the acquisition date and classify the amounts attributable to noncontrolling interests separately in equity in the condensed consolidated financial statements. Any subsequent changes in the Company's ownership interest while the Company retains its controlling financial interest in its subsidiary are accounted for as equity transactions.

On December 16, 2014, we acquired Enzymatics Inc., located in Beverly, Massachusetts, and on April 3, 2014, we acquired BIOBASE GmbH, located in Wolfenbüttel, Germany. Accordingly, at the acquisition dates, all of the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include the operating results of the acquired companies as of the acquisition dates.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and generally in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the Securities and Exchange Commission (SEC) rules and regulations. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation have been included.

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. For the nine-month period ended September 30, 2014, the amounts related to fair value changes in derivatives have been revised and included in other items, net in the condensed consolidated statements of cash flows. These reclassifications had no effect on cash provided by operating activities or total cash flows.

We operate as one operating segment in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 280, Segment Reporting. We have a common basis of organization and our products and services are offered globally. Our chief operating decision maker (CODM) makes decisions based on the Company as a whole. Accordingly, we operate and make decisions as one reporting unit.

The results of operations for an interim period are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual

Report on Form 20-F for the year ended December 31, 2014.

Summary of Significant Accounting Policies

The interim condensed consolidated financial statements were prepared based on the same accounting policies as those applied and described in the consolidated financial statements as of December 31, 2014 including the adoption of new standards and interpretations as of January 1, 2015.

9

Table of Contents

Adoption of New Accounting Standards

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 (ASU 2014-08), "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity", which raises the threshold for a disposal to qualify as a discontinued operation and requires new disclosures of both discontinued operations and certain other disposals that do not meet the definition of a discontinued operation. The ASU is aimed at reducing the frequency of disposals reported as discontinued operations by focusing on strategic shifts that have or will have a major impact on an entity's operations and financial results. For public entities, the amendments are effective on a prospective basis for all disposals of components of an entity and all businesses that, on acquisition, are classified as held for sale that occur within annual periods beginning on or after December 15, 2014 and interim period within those years. ASU 2014-08 became effective for us in the period beginning January 1, 2015 and its adoption did not have an effect on our financial position, results of operations or cash flows.

New Accounting Standards Not Yet Adopted

In July 2015, the FASB issued Accounting Standards Update No. 2015-11 (ASU 2015-11) "Inventory: (Topic 330): Simplifying the Measurement of Inventory" requiring in scope inventory, including inventory measured using first-in, first out (FIFO) or average cost, to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. ASU 2015-11 is effective for us beginning in the first quarter of 2017. We are currently evaluating the impact of ASU 2015-11 on our consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update No. 2015-03 (ASU 2015-03) "Interest: Imputation of Interest (Subtopic 835-30)" requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. ASU 2015-03 will be effective for us beginning in the first quarter of 2016 and shall be applied on a retrospective basis wherein the balance sheet of each individual period presented shall be adjusted to reflect the period-specific effects of applying the new guidance. We do not expect the adoption to have a material impact on our consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02 (ASU 2015-02) "Consolidation (Topic 810): Amendments to the Consolidation Analysis". The new standard modifies current guidance on consolidation under the variable interest model and the voting model. ASU 2015-02 will be effective for us beginning in the first quarter of 2016. We are currently evaluating the impact of ASU 2015-02 on our consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), "Revenue from Contracts with Customers: (Topic 606)" which affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. This ASU also supersedes some cost guidance included in Subtopic 605-35, Revenue Recognition-Construction-Type and Production-Type Contracts. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (e.g., assets within the scope of Topic 360, Property, Plant, and Equipment, and intangible assets within the scope of Topic 350, Intangibles-Goodwill and Other) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in this ASU. An entity should apply the amendments in this ASU either retrospectively to each prior reporting period presented and the entity may elect certain practical expedients; or, retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. In August 2015, the FASB issued Accounting Standards Update No. 2015-14 (ASU 2015-14), "Revenue from Contracts with Customers: (Topic 606): Deferral of the Effective Date" which defers the effective date of ASU 2014-09 to interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted only as of interim and annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact its adoption would have on our financial position, results

of operations or cash flows.

3. Acquisitions

Acquisitions have been accounted for as business combinations, and the acquired companies' results have been included in the accompanying condensed consolidated statements of income from their respective dates of acquisition. Our acquisitions have historically been made at prices above the fair value of the acquired net assets, resulting in goodwill, due to expectations of synergies of combining the businesses. These synergies include use of our existing infrastructure, such as sales force, shared service centers, distribution channels and customer relations, to expand sales of the acquired businesses' products; use of the infrastructure of the acquired businesses to cost-effectively expand sales of our products; and elimination of duplicative facilities, functions and staffing.

2015 Acquisitions

10

Table of Contents

During the first nine months of 2015, we completed two acquisitions which were not significant to the overall consolidated financial statements. The cash paid for these acquisitions, net of cash acquired, totaled $7.1 million. These acquisitions did not have a material impact to net sales, net income or earnings per share and therefore no pro forma information has been provided herein.

2014 Acquisitions

In December 2014, we acquired the enzyme solutions business of Enzymatics Inc., a U.S. company whose products are used in an estimated 80% of all next-generation sequencing (NGS) workflows. The comprehensive Enzymatics portfolio complements QIAGEN's leading offering of universal NGS products, advancing our strategy to drive the adoption of NGS in clinical healthcare. The cash consideration totaled $114.2 million of which $11.5 million was retained in an escrow account as of September 30, 2015 to cover any claims for breach of any representations, warranties or indemnities. The acquisition of Enzymatics did not have a material impact to net sales, net income or earnings per share, and therefore no pro forma financial information has been provided herein.

The final purchase price allocation for Enzymatics did not differ from the preliminary estimates other than the increase of $2.1 million in fair value of contingent consideration, $0.4 million increase of long-term deferred tax liability and an additional $0.1 million increase of other opening balance sheet adjustments. The corresponding impact for these adjustments was an increase to goodwill of $2.4 million. These changes to arrive at the final purchase price allocation were not material to the consolidated financial statements. The final purchase price allocation for Enzymatics is as follows:

(in thousands)	Enzymatics acquisition
Purchase Price:	
Cash consideration	$114,224
Fair value of contingent consideration	13,600
	$127,824
Final Allocation:	
Cash and cash equivalents	$1,178
Accounts receivable	2,813
Prepaid and other current assets	1,330
Fixed and other long-term assets	1,414
Accounts payable	(3,090)
Accruals and other current liabilities	(1,940)
Long term deferred tax liability	(21,558)
Developed technology, licenses and know-how	28,600
Tradenames	6,600
Customer Relationships	22,300
Goodwill	90,177
	$127,824

The weighted-average amortization period for the intangible assets is 11.1 years. The goodwill acquired is not deductible for tax purposes.

Certain acquisitions may include contingent consideration which is recorded as part of the purchase consideration based on the acquisition date fair value. The total fair value of the contingent consideration for Enzymatics of $13.6 million was recorded as purchase price using a probability-weighted analysis of the future milestones using discount rates between 0.7% and 2.2%. Under the purchase agreement for Enzymatics, we may be required to make additional contingent cash payments totaling $25.5 million through 2017. This is discussed further in Note 8, "Fair Value Measurements" where we assess and adjust the fair value of the contingent consideration liabilities, if necessary, until the settlement or expiration of the contingency occurs.

Other Acquisitions

During 2014, we completed four other acquisitions which individually were not significant to the overall consolidated financial statements. The cash paid for these acquisitions, net of cash acquired, totaled $47.4 million. Each of these acquisitions individually did not have a material impact to net sales, net income or earnings per share and therefore no pro forma information has been provided herein.

Table of Contents

During 2011, we acquired a majority shareholding in QIAGEN Marseille S.A., formerly Ipsogen S.A. (Marseille), a publicly listed company founded and based in Marseille, France. In February 2015, QIAGEN Marseille, a fully consolidated entity, agreed to the sale of all its assets and liabilities, with the exception of its intellectual property portfolio. In addition, we made a tender offer to acquire the remaining Marseille shares. Per the terms of the tender offer, $2.6 million is set aside as of September 30, 2015 in restricted cash for the remaining shares and it is anticipated that the tender offer will be finalized during the first quarter of 2016. During 2015, we acquired additional Marseille shares for a total of $6.4 million and held 97.22% of the Marseille shares as of September 30, 2015.

4. Restructuring

2014 Restructuring

During the fourth quarter of 2014, we implemented restructuring efforts in connection with the acquisition of Enzymatics, as discussed in Note 3 "Acquisitions", and from the implementation of headcount reductions and facility consolidations to further streamline operations and various measures as part of a commitment to continuous improvement and related to QIAGEN's new strategic focus on its five growth drivers. We do not expect to record additional restructuring charges in 2015 related to this program.

The following table summarizes the components of the 2014 restructuring costs. At September 30, 2015, a restructuring accrual of $6.1 million was recorded in accrued and other liabilities in the accompanying condensed consolidated balance sheet. At December 31, 2014, a restructuring accrual of $14.6 million was recorded, of which $12.1 million is included in accrued and other liabilities and $2.5 million is included in other long term liabilities in the accompany condensed consolidated balance sheet.

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Total
Balance at December 31, 2014	$6,341	$7,627	$652	$14,620
Payments	(3,980)	(3,109)	(347)	(7,436)
Release of excess accrual	(452)	—	(20)	(472)
Foreign currency translation adjustment	(611)	—	—	(611)
Balance at September 30, 2015	$1,298	$4,518	$285	$6,101

2011 Restructuring

Late in 2011, we began a project to enhance productivity by streamlining the organization and reallocating resources to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project aimed to eliminate organizational layers and overlapping structures, actions that enhanced our processes, speed and productivity. The last group of initiatives included actions to focus research and development activities on higher-growth areas in all customer classes, concentrate operations at fewer sites, and realign sales and regional marketing teams in the U.S. and Europe to better address customer needs in a more streamlined manner across the continuum from basic research to translational medicine and clinical diagnostics. No additional costs were incurred in 2014 or 2015.

The following table summarizes the components of the 2011 restructuring costs. At September 30, 2015 and December 31, 2014, restructuring accruals of $0.2 million and $0.7 million, respectively, were included in accrued and other liabilities in the accompanying condensed consolidated balance sheets.

(in thousands)	Personnel Related
Balance at December 31, 2014	$726
Payments	(502)
Release of excess accrual	(210)
Foreign currency translation adjustment	186
Balance at September 30, 2015	$200

5. Investments

We have made strategic investments in certain companies that are accounted for using the equity or cost method of accounting. The method of accounting for an investment depends on the level of influence. We monitor changes in circumstances that may require a reassessment of the level of influence. We periodically review the carrying value of these investments for impairment, considering factors such as the most recent stock transactions and book values from the recent financial statements. The fair value of cost and

12

Table of Contents

equity-method investments is estimated when there are identified events or changes in circumstances that may have an impact on the fair value of the investment.

As of September 30, 2015 and December 31, 2014, we had a total of cost-method investments in non-publicly traded companies with carrying amounts of $18.0 million and $18.6 million, respectively, which are included in other long-term assets. The fair-value of these cost-method investments are not estimated unless there are identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. For the nine-month period ended September 30, 2015, we recorded impairments of cost method investments totaling $2.2 million in other expense, net. For the nine-month period ended September 30, 2014, we recorded total impairments to cost method investments of $6.0 million, of which $4.8 million was recorded in other expense, net and $1.2 million was recorded in research and development expense.

As of September 30, 2015 and December 31, 2014, we had a total of equity-method investments in non-publicly traded companies of $16.3 million and $22.7 million, respectively, which are included in other long-term assets. FASB ASC Topic 810 requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not control a majority of voting interests. A variable interest entity is generally defined as an entity with insufficient equity to finance its activities or where the owners of the entity lack the risk and rewards of ownership. We have a 50% interest in a joint venture company, PreAnalytiX GmbH (PreAnalytiX), for which we are not the primary beneficiary. Thus, the investment is accounted for under the equity method. PreAnalytiX was formed to develop, manufacture and market integrated systems for the collection, stabilization and purification of nucleic acids for molecular diagnostic testing. At present, our maximum exposure to loss as a result of our involvement with PreAnalytiX is limited to our share of losses from the equity method investment. As of September 30, 2015 and December 31, 2014, the investment in PreAnalytiX totaled $9.6 million and $19.0 million, respectively.

6. Intangible Assets

The following table sets forth the intangible assets by major asset class as of September 30, 2015 and December 31, 2014:

(in thousands)	September 30, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets:				
Patent and license rights	$326,543	$ (200,481)	$312,224	$ (185,132)
Developed technology	690,176	(395,422)	708,509	(361,825)
Customer base, non-compete agreements and trademarks	411,277	(203,436)	423,685	(179,316)
	$1,427,996	$ (799,339)	$1,444,418	$ (726,273)
Unamortized Intangible Assets:				
In-process research and development	$6,700		$8,769	
Goodwill	1,846,471		1,887,963	
	$1,853,171		$1,896,732	

The estimated fair values of acquired in-process research and development projects which have not reached technological feasibility at the date of acquisition are capitalized and subsequently tested for impairment through completion of the development process, at which point the capitalized amounts are amortized over their estimated useful life. If a project is abandoned rather than completed, all capitalized amounts are written-off immediately. The amortization of the remaining in-process research and development is expected to begin late 2015 as the projects are completed.

The changes in intangibles assets in 2015 are summarized as follows:

(in thousands)	Intangibles	Goodwill
Balance at December 31, 2014	$726,914	$1,887,963
Additions	31,566	—

Purchase adjustments	(2,300)	1,662
Acquisitions	5,463	4,942
Amortization/disposition	(103,828)	—
Foreign currency translation adjustments	(22,458)	(48,096)
Balance at September 30, 2015	$635,357	$1,846,471

13

Table of Contents

Cash paid for purchases of intangibles assets during the nine-month period ended September 30, 2015 totaled $14.4 million, of which $6.5 million is related to prepayments recorded in other long term assets in the accompanying balance sheet. Intangible asset additions of $31.6 million includes $7.9 million of cash paid during the nine-month period ended September 30, 2015, together with $10.9 million of additions which were previously recorded as prepayments, $6.8 million of additions which were accrued as of September 30, 2015 and $5.9 million of non-cash additions.

The changes in the carrying amount of goodwill for the nine months ended September 30, 2015 resulted primarily from changes in foreign currency translation together with acquired goodwill from 2015 acquisitions and adjustments made in connection with 2014 purchase price allocations for the acquisition of Enzymatics discussed in Note 3.
For the three- and nine- month periods ended September 30, 2015 and 2014, amortization expense on intangible assets totaled approximately $33.5 million and $98.0 million, and $34.0 million and $100.3 million, respectively.
Amortization of intangibles for the next five years is expected to be approximately:

Year	Annual Amortization (in thousands)
2016	$ 129,265
2017	$ 114,943
2018	$ 92,629
2019	$ 72,021
2020	$ 47,330

7. Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and interest bearing assets or liabilities. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with our global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. During the third quarter of 2015, we have agreed with almost all of our counterparties with whom we enter into cross-currency swaps, interest rate swaps or foreign exchange contracts, to enter into bilateral collateralization contracts under which receive or provide cash collateral, as the case may be, for the net position with each of these counterparties. As of September 30, 2015, we had a net liability position of $5.6 million recorded in accrued and other liabilities in the accompanying balance sheet, and we did not post any collateral to any of our counterparties.
During the third quarter of 2015, we held derivative instruments that are designated and qualify as cash flow hedges where the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In 2015, we did not record any hedge ineffectiveness related to any cash-flow hedges in earnings. During the next 12 months, we expect that approximately $1.4 million of derivative gains included in accumulated other comprehensive income based on their valuation as of September 30, 2015 will be reclassified into income. These cash flows derived from derivatives are classified in the condensed consolidated statements of cash flows, in the same category as the condensed consolidated balance sheet account of the underlying item.
For derivative instruments that are designated and qualify as a fair value hedge, the effective portion of the gain or loss on the derivative is reflected in earnings. This earnings effect is offset by the change in the fair value of the hedged item attributable to the risk being hedged that is also recorded in earnings. In 2015, there is no ineffectiveness.

The cash flows derived from derivatives are classified in the condensed consolidated statements of cash flows in the same category as the condensed consolidated balance sheet account of the underlying item.

14

Table of Contents

Interest Rate Derivatives

We use interest rate derivative contracts to align our portfolio of interest bearing assets and liabilities with our risk management objectives. We have entered into interest rate swaps in which we have agreed to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. During the third quarter of 2015, we entered into five cross currency interest rate swaps through 2025 for a total notional amount of €180.0 million which qualify for hedge accounting as cash flow hedges. We determined that no ineffectiveness exists related to these swaps. As of September 30, 2015, the €180.0 million notional swap amount had an aggregate fair value of $1.5 million, which is recorded in other long-term assets in the accompanying condensed balance sheet.

During 2014, we entered into interest rate swaps, which effectively fixed the fair value of $200.0 million of our fixed rate private placement debt and qualify for hedge accounting as fair value hedges. We determined that no ineffectiveness exists related to these swaps. As of September 30, 2015 and December 31, 2014, the $200.0 million notional swap amount had an aggregate fair value of $8.1 million and $3.3 million, respectively, which is recorded in other long-term assets in the accompanying condensed balance sheet.

Call Options

We entered into Call Options during 2014 which, along with the sale of the Warrants, represent the Call Spread Overlay entered into in connection with the Cash Convertible Notes and which are more fully described in Note 9, “Debt.” We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay the premium for the Call Options, and simultaneously received $68.9 million, (net of issuance costs) from the sale of the Warrants, for a net cash outlay of $36.3 million for the Call Spread Overlay. The Call Options are intended to offset cash payments in excess of the principal amount due upon any conversion of the Cash Convertible Notes.

Aside from the initial payment of a premium of $105.2 million for the Call Options, we will not be required to make any cash payments under the Call Options. We will however be entitled to receive under the terms of the Call Options an amount of cash generally equal to the amount by which the market price per share of our common stock exceeds the exercise price of the Call Options during the relevant valuation period. The exercise price under the Call Options is equal to the conversion price of the Cash Convertible Notes.

The Call Options, for which our common stock is the underlying security, are a derivative asset that requires mark-to-market accounting treatment due to the cash settlement features until the Call Options settle or expire. The Call Options are measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the Call Options, refer to Note 8, “Fair Value Measurements.” The fair value of the Call Options at September 30, 2015 and December 31, 2014 was approximately $148.8 million and $147.7 million, respectively, which is recorded in other long-term assets in the accompanying balance sheet.

The Call Options do not qualify for hedge accounting treatment. Therefore, the change in fair value of these instruments is recognized immediately in our Consolidated Statements of Income in other (expense) income, net. For the nine months ended September 30, 2015 and September 30, 2014, the change in the fair value of the Call Options resulted in gains of $1.1 million and gains of $6.3 million, respectively. Because the terms of the Call Options are substantially similar to those of the Cash Convertible Notes' embedded cash conversion option, discussed below, we expect the effect on earnings from those two derivative instruments to mostly offset each other.

Cash Convertible Notes Embedded Cash Conversion Option

The embedded cash conversion option within the Cash Convertible Notes is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our Consolidated Statements of Income in other (expense) income, net until the cash conversion option settles or expires. For further discussion of the Cash Convertible Notes, refer to Note 9 “Debt.” The initial fair value liability of the embedded cash conversion option was $105.2 million, which simultaneously reduced the carrying value of the Cash Convertible Notes (effectively an original issuance discount). The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the embedded cash conversion option, refer to Note 8, “Fair Value Measurements.” The fair value of the embedded cash conversion option at September 30, 2015 and December 31, 2014

was approximately $150.9 million and $149.5 million, respectively, and is included in other long-term liabilities in the accompanying balance sheet. For the nine months ended September 30, 2015 and September 30, 2014, the change in the fair value of the embedded cash conversion option resulted in losses of $1.5 million and losses of $8.1 million, respectively.

Foreign Currency Derivatives

As a globally active enterprise, we are subject to risks associated with fluctuations in foreign currencies in our ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions including intercompany items. We manage balance sheet exposure on a group-wide basis using foreign exchange forward contracts, foreign exchange options and cross-currency swaps.

Undesignated Derivative Instruments

15

Table of Contents

We are party to various foreign exchange forward, option and swap arrangements which had, at September 30, 2015, an aggregate notional value of $263.2 million and fair value of $10.6 million included in prepaid and other assets and $1.6 million included in accrued and other liabilities, and which expire at various dates through December 2015.
We were party to various foreign exchange forward and swap arrangements which had, at December 31, 2014, an aggregate notional value of $1.3 billion and fair values of $46.8 million and $10.5 million included in prepaid and other assets and accrued and other liabilities, respectively, which expire at various dates through December 2015. The transactions have been entered into to offset the effects from balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other (expense) income, net.
Fair Values of Derivative Instruments
The following table summarizes the fair value amounts of derivative instruments reported in the condensed consolidated balance sheets as of September 30, 2015 and December 31, 2014:

	Derivatives in Asset Positions Fair value		Derivatives in Liability Positions Fair value	
(in thousands)	9/30/2015	12/31/2014	9/30/2015	12/31/2014
Derivative instruments designated as hedges				
Interest rate contracts	$9,589	$3,294	$ —	$ —
Total derivative instruments designated as hedges	$9,589	$3,294	$ —	$ —
Undesignated derivative instruments				
Call spread overlay	$148,784	$147,707	$ (150,902)	$ (149,450)
Foreign exchange contracts	10,592	46,802	(1,555)	(10,547)
Total undesignated derivative instruments	$159,376	$194,509	$ (152,457)	$ (159,997)

16

Table of Contents

Gains and Losses on Derivative Instruments
The following tables summarize the locations and gains and losses on derivative instruments for the three and nine months ended September 30, 2015 and 2014:

Three months ended September 30, 2015 (in thousands)	Gain/(loss) recognized in AOCI	Location of gain / loss in income statement	(Gain) loss reclassified from AOCI into income	Gain (loss) recognized in income
Cash flow hedges				
Interest rate contracts	$1,903	Other (expense) income, net	$415	n/a
Fair value hedges				
Interest rate contracts	$—	Other (expense) income, net	$—	$5,194
Undesignated derivative instruments				
Call spread overlay	n/a	Other (expense) income, net	n/a	$(498)
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	(1,206)
				$(1,704)

Three months ended September 30, 2014 (in thousands)	Gain/(loss) recognized in AOCI	Location of gain / loss in income statement	(Gain) loss reclassified from AOCI into income	Gain (loss) recognized in income
Fair value hedges				
Interest rate contracts	$—	Other (expense) income, net	$—	$(475)
Undesignated derivative instruments				
Call spread overlay	n/a	Other (expense) income, net	n/a	$(510)
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	44,694
				$44,184

Table of Contents

Nine months ended September 30, 2015 (in thousands)	Gain/(loss) recognized in AOCI	Location of (gain) loss in income statement	(Gain) loss reclassified from AOCI into income	Gain (loss) recognized in income
Cash flow hedges				
Interest rate contracts	$1,903	Other (expense) income, net	$415	n/a
Fair value hedges				
Interest rate contracts	$—	Other (expense) income, net	$—	$4,806
Undesignated derivative instruments				
Call spread overlay	n/a	Other (expense) income, net	n/a	$(375)
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	15,444
				$15,069

Nine months ended September 30, 2014 (in thousands)	Gain/(loss) recognized in AOCI	Location of (gain) loss in income statement	(Gain) loss reclassified from AOCI into income	Gain (loss) recognized in income
Fair-flow hedges				
Interest rate contracts	$—	Other (expense) income, net	$—	$(475)
Undesignated derivative instruments				
Call spread overlay	n/a	Other (expense) income, net	n/a	$(1,790)
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	52,133
				$50,343

The amounts noted in the table above for accumulated other comprehensive income (AOCI) do not include any adjustment for the impact of deferred income taxes.

Table of Contents

8. Fair Value Measurements

Assets and liabilities are measured at fair value according to a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs, such as quoted prices in active markets;

Level 2. Inputs, other than the quoted price in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Our assets and liabilities measured at fair value on a recurring basis consist of short-term investments, which are classified in Level 1 and Level 2 of the fair value hierarchy, derivative contracts used to hedge currency and interest rate risk and derivative financial instruments entered into in connection with the Cash Convertible Notes discussed in Note 9, which are classified in Level 2 of the fair value hierarchy, and contingent consideration accruals which are classified in Level 3 of the fair value hierarchy, and are shown in the tables below.

In determining fair value for Level 2 instruments, we apply a market approach, using quoted active market prices relevant to the particular instrument under valuation, giving consideration to the credit risk of both the respective counterparty to the contract and the Company. To determine our credit risk we estimated our credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, our credit risk was quantified by reference to publicly-traded debt with a corresponding rating. The Level 2 derivative financial instruments include the Call Options asset and the embedded conversion option liability. See Note 9, "Debt", and Note 7, "Derivatives and Hedging," for further information. The derivatives are not actively traded and are valued based on an option pricing model that uses observable market data for inputs. Significant market data inputs used to determine fair values as of September 30, 2015 included our common stock price, the risk-free interest rate, and the implied volatility of our common stock. The Call Options asset and the embedded cash conversion option liability were designed with the intent that changes in their fair values would substantially offset, with limited net impact to our earnings. Therefore, the sensitivity of changes in the unobservable inputs to the option pricing model for such instruments is substantially mitigated.

Our Level 3 instruments include contingent consideration liabilities. We value contingent consideration liabilities using unobservable inputs, applying the income approach, such as the discounted cash flow technique, or the probability-weighted scenario method. Contingent consideration arrangements obligate us to pay the sellers of an acquired entity if specified future events occur or conditions are met such as the achievement of technological or revenue milestones. We use various key assumptions, such as the probability of achievement of the milestones and the discount rate, to represent the non-performing risk factors and time value when applying the income approach. We regularly review the fair value of the contingent consideration, and reflect any change in the accrual in the consolidated statements of income in the line items commensurate with the underlying nature of milestone arrangements.

The following table presents our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014:

	As of September 30, 2015				As of December 31, 2014			
(in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments	$3,781	$94,797	$—	$98,578	$3,885	$180,151	$—	$184,036
Call option	—	148,784	—	148,784	—	147,707	—	147,707
Foreign exchange contracts	—	10,592	—	10,592	—	46,802	—	46,802
Interest rate contracts	—	9,589	—	9,589	—	3,294	—	3,294
	$3,781	$263,762	$—	$267,543	$3,885	$377,954	$—	$381,839
Liabilities:								
	$—	$(1,555)	$—	$(1,555)	$—	$(10,547)	$—	$(10,547)

Foreign exchange contracts								
Cash conversion option	—	(150,902)	—	(150,902)	—	(149,450)	—	(149,450)
Contingent consideration	—	—	(20,252)	(20,252)	—	—	(17,477)	(17,477)
	$—	$(152,457)	$(20,252)	$(172,709)	$—	$(159,997)	$(17,477)	$(177,474)

For liabilities with Level 3 inputs, the following table summarizes the activity for the nine months ended September 30, 2015:

19

Table of Contents

(in thousands)	Contingent Consideration
Beginning Balance at December 31, 2014	$(17,477)
Additions	(5,312)
Gain included in earnings	2,500
Foreign currency translation adjustments	37
Ending balance at September 30, 2015	$(20,252)

As of September 30, 2015, of the total $20.3 million accrued for contingent consideration, $13.0 million is included in other long-term liabilities and $7.3 million is included in accrued and other liabilities in the accompanying condensed consolidated balance sheet. During 2015, a $2.5 million gain for the reduction in the fair value of contingent consideration was recognized in cost of sales.

The carrying values of financial instruments, including cash and equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of long-term debt as disclosed in Note 9 was based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future. There were no fair value adjustments in the nine-month periods ended September 30, 2015 and 2014 for nonfinancial assets or liabilities required to be measured at fair value on a nonrecurring basis other than the impairments of cost-method investments as discussed in Note 5, "Investments".

9. Debt

Our credit facilities available and undrawn at September 30, 2015 total €436.6 million (approximately $489.1 million). This includes a €400.0 million syndicated multi-currency revolving credit facility expiring December 2020 of which no amounts were utilized at September 30, 2015 or at December 31, 2014, and four other lines of credit amounting to €36.6 million with no expiration date, none of which were utilized as of September 30, 2015 or as of December 31, 2014. The €400.0 million facility can be utilized in euro, U.K. pound or U.S. dollar and bears interest of 0.4% to 1.2% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. The commitment fee is calculated based on 35% of the applicable margin. The revolving facility agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on the encumbrance of assets and the maintenance of certain financial ratios. We were in compliance with these covenants at September 30, 2015. The credit facilities are for general corporate purposes.

At September 30, 2015, total long-term debt was approximately $1.1 billion, $0.5 million of which is current.

Total long-term debt consists of the following:

(in thousands)	September 30, 2015	December 31, 2014
Notes payable to QIAGEN Finance bearing interest at an effective rate of 1.8% repaid in January 2015	$—	$130,451
3.19% Series A Senior Notes due October 2019	75,056	73,645
3.75% Series B Senior Notes due October 2022	306,044	302,648
3.90% Series C Senior Notes due October 2024	27,000	27,000
0.375% Senior Unsecured Cash Convertible Notes due 2019	393,705	386,332
0.875% Senior Unsecured Cash Convertible Notes due 2021	256,611	251,335
Other notes payable due through December 2015	490	668
Total long-term debt	1,058,906	1,172,079
Less current portion	490	131,119
Long-term portion	$1,058,416	$1,040,960

Cash Convertible Notes due 2019 and 2021

On March 19, 2014, we issued $730.0 million aggregate principal amount of Cash Convertible Senior Notes of which $430.0 million is due in 2019 (2019 Notes) and $300.0 million is due in 2021 (2021 Notes). We refer to the 2019 Notes and 2021 Notes, collectively as the “Cash Convertible Notes.” The aggregate net proceeds of the Cash

Convertible Notes was $680.7 million, after payment of the net cost of the Call Spread Overlay described below and transaction costs. Additionally, we used $372.5 million of the net proceeds to repay the 2006 Notes and related subscription right described below.

Table of Contents

Interest on the Cash Convertible Notes is payable semi-annually in arrears on March 19 and September 19 of each year, at rates of 0.375% and 0.875% per annum for the 2019 Notes and 2021 Notes, respectively, commencing on September 19, 2014. The 2019 Notes will mature on March 19, 2019 and the 2021 Notes will mature on March 19, 2021, unless repurchased or converted in accordance with their terms prior to such date.

The Cash Convertible Notes are convertible into cash in whole, but not in part, at the option of noteholders in the following circumstances: (a) from April 29, 2014 through September 18, 2018 for the 2019 Notes, and through September 18, 2020 for the 2021 Notes (Contingent Conversion Period), under any of the Contingent Conversion Conditions and (b) at any time following the Contingent Conversion Period through the fifth business day immediately preceding the applicable maturity Date. Upon conversion, noteholders will receive an amount in cash equal to the Cash Settlement Amount, calculated as described below. The Cash Convertible Notes are not convertible into shares of our common stock or any other securities.

Noteholders may convert their Cash Convertible Notes into cash at their option at any time during the Contingent Conversion Period only under the following circumstances (Contingent Conversion Conditions):

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2014 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- if we undergo certain fundamental changes;
- during the five business day period immediately after any ten consecutive trading day period in which the quoted price for the 2019 Notes or the 2021 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;
- if we elect to distribute assets or property to all or substantially all of the holders of our common stock and those assets or other property have a value of more than 25% of the average daily volume-weighted average trading price of our common stock for the prior 20 consecutive trading days;
- if we elect to redeem the Cash Convertible Notes; or
- if we experience certain customary events of default, including defaults under certain other indebtedness.

The initial conversion rate is 7,056.7273 shares of our common stock per $200,000 principal amount of Cash Convertible Notes (reflecting an initial conversion price of approximately $28.34 per share of common stock). Upon conversion, holders are entitled to a cash payment (Cash Settlement Amount) equal to the average of the conversion rate multiplied by the daily volume-weighted average trading price for our common stock over a 50-day period. The conversion rate is subject to adjustment in certain instances but will not be adjusted for any accrued and unpaid interest. In addition, following the occurrence of certain corporate events that may occur prior to the applicable maturity date, we may be required to pay a cash make-whole premium by increasing the conversion rate for any holder who elects to convert Cash Convertible Notes in connection with the occurrence of such a corporate event.

We may redeem the 2019 Notes or 2021 Notes in their entirety at a price equal to 100% of the principal amount of the applicable Cash Convertible Notes plus accrued interest at any time 20% or less of the aggregate principal amount of the applicable Cash Convertible Notes originally issued remain outstanding.

The Cash Convertible Notes are senior unsecured obligations, and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Cash Convertible Notes; equal in right of payment to any of our unsecured indebtedness that is unsubordinated; junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

Because the Cash Convertible Notes contain an embedded cash conversion option, we have determined that the embedded cash conversion option is a derivative financial instrument, which is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our consolidated statements of operations until the cash conversion option transaction settles or expires. The initial fair value liability of the embedded cash conversion option was $105.2 million, which simultaneously reduced the carrying value of the Cash Convertible Notes (effectively an original issuance discount). For further discussion of the derivative financial instruments relating to the Cash Convertible Notes, refer to Note 7, “Derivatives and Hedging.”

As noted above, the reduced carrying value on the Cash Convertible Notes resulted in a debt discount that is amortized to the principal amount through the recognition of non-cash interest expense over the expected life of the debt, which is five and seven years for the 2019 Notes and 2021 Notes, respectively. This resulted in our recognition of interest expense on the Cash Convertible Notes at an effective rate approximating what we would have incurred had nonconvertible debt with otherwise similar terms been issued. The effective interest rate of the 2019 and 2021 Notes is 2.937% and 3.809%, respectively, which is imputed based on the amortization of the fair value of the embedded cash conversion option over the remaining term of the Cash Convertible Notes. As of September 30, 2015, we expect the 2019 Notes to be outstanding until their 2019 maturity date and the 2021 Notes to be outstanding until their 2021 maturity date, for remaining amortization periods of approximately five and seven years, respectively. Based on an estimation using available over-the-counter market information on the Cash Convertible Notes, the fair value of the 2019 and 2021 Notes at September 30, 2015 was $471.3 million and $338.6 million, respectively.

Table of Contents

In connection with the issuance of the Cash Convertible Notes, we incurred approximately $13.1 million in transaction costs. Such costs have been allocated to the Cash Convertible Notes and deferred as a long-term asset and are being amortized over the terms of the Cash Convertible Notes.
Interest expense related to the Cash Convertible Notes was comprised of the following:

	Three months ended September 30,	
(in thousands)	2015	2014
Coupon interest	$1,059	$1,059
Amortization of original issuance discount	4,251	4,113
Amortization of debt issuance costs	557	542
Total interest expense related to the Cash Convertible Notes	$5,867	$5,714

	Nine months ended September 30,	
(in thousands)	2015	2014
Coupon interest	$3,178	$2,248
Amortization of original issuance discount	12,649	8,689
Amortization of debt issuance costs	1,660	1,147
Total interest expense related to the Cash Convertible Notes	$17,487	$12,084

Cash Convertible Notes Call Spread Overlay
Concurrent with the issuance of the Cash Convertible Notes, we entered into privately negotiated hedge transactions (Call Options) with, and issued warrants to purchase shares of our common stock (Warrants) to, certain financial institutions. We refer to the Call Options and Warrants collectively as the "Call Spread Overlay". The Call Options are intended to offset any cash payments payable by us in excess of the principal amount due upon any conversion of the Cash Convertible Notes. We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay for the Call Options, and simultaneously received $69.4 million from the sale of the Warrants, for a net cash outlay of $35.8 million for the Call Spread Overlay. The Call Options are derivative financial instruments and is discussed further in Note 7, "Derivatives and Hedging." The Warrants are equity instruments and are further discussed in Note 12, "Equity."
Aside from the initial payment of a premium of $105.2 million for the Call Option, we will not be required to make any cash payments under the Call Options, and will be entitled to receive an amount of cash, generally equal to the amount by which the market price per share of our common stock exceeds the exercise price of the Call Options during the relevant valuation period. The exercise price under the Call Options is initially equal to the conversion price of the Cash Convertible Notes.
The Warrants cover an aggregate of 25.8 million shares of our common stock (subject to anti-dilution adjustments under certain circumstances) and have an initial exercise price of $32.085 per share, subject to customary adjustments. The Warrants expire as follows: Warrants to purchase 15.2 million shares expire over a period of 50 trading days beginning on December 27, 2018 and Warrants to purchase 10.6 million shares expire over a period of 50 trading days beginning on December 29, 2020. The Warrants are European-style (exercisable only upon expiration). The Warrants could have a dilutive effect to the extent that the price of our common stock exceeds the applicable strike price of the Warrants. For each Warrant that is exercised, we will deliver to the holder a number of shares of our common stock equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. We will not receive any additional proceeds if the Warrants are exercised.
Private Placement
In October 2012, we completed a private placement through the issuance of new senior unsecured notes at a total amount of $400 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73 million 7-year term due in 2019 (3.19%); (2) $300 million 10-year term due in 2022 (3.75%); and (3) $27 million 12-year term due in 2024 (3.90%). We paid $2.1 million in debt issue costs which are

being amortized through interest expense over the lifetime of the notes. The note purchase agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on priority indebtedness and the maintenance of certain financial ratios. We were in compliance with these covenants at September 30, 2015. Based on an estimation using the changes in the U.S. Treasury rates, the fair value of these senior notes at September 30, 2015, was approximately $395.7 million, taking into account that $200.0 million of such notes are a hedged item in the fair value transaction described in Note 7, "Derivatives and Hedging."

Table of Contents

2006 Notes

In May 2006, we completed the offering of $300 million of 3.25% Senior Convertible Notes due in 2026 (2006 Notes) through an unconsolidated subsidiary, QIAGEN Euro Finance (Euro Finance). The net proceeds of the 2006 Notes were loaned by Euro Finance to consolidated subsidiaries. These long-term notes payable to Euro Finance had an effective interest rate of 3.7% and were due in May 2026. Interest was payable semi-annually in May and November. The 2006 Notes were issued at 100% of the principal amount, and were convertible into 15.0 million common shares at the option of the holders upon the occurrence of certain events, at a price of $20.00 per share, subject to adjustment. QIAGEN N.V. had an agreement with Euro Finance to issue shares to the note holders in the event of conversion. This subscription right, along with the related receivable, was recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. In March 2014, we redeemed the $300 million loan payable to Euro Finance and approximately 98% of the subscription right with Euro Finance for $372.5 million, and recognized a loss on the redemption of $4.6 million in other (expense) income, net. Contemporaneously, Euro Finance redeemed the 2006 Notes. During 2014, we issued 0.2 million common shares in exchange for $3.9 million upon the exercise of the remaining subscription right.

2004 Notes

In August 2004, we completed the sale of $150 million of 1.5% Senior Convertible Notes due in 2024 (2004 Notes), through our unconsolidated subsidiary QIAGEN Finance. The net proceeds of the 2004 Notes were loaned by QIAGEN Finance to consolidated subsidiaries with an effective interest rate of 1.8% and were due in February 2024. Interest was payable semi-annually in February and August. The 2004 Notes were issued at 100% of principal value, and were convertible into 11.5 million common shares at the option of the holders upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. QIAGEN N.V. had an agreement with QIAGEN Finance to issue shares to the investors in the event of conversion. This subscription right, along with the related receivable, was recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. In 2014, 1.2 million common shares were issued in connection with conversions. During 2015, we repaid the loan to QIAGEN Finance and repurchased the warrant agreement with QIAGEN Finance for $250.9 million and recognized a loss of $7.6 million in other (expense) income, net.

10. Income Taxes

The provision for income taxes is based upon the estimated annual effective tax rates for the year applied to the current period income before tax plus the tax effect of any significant unusual items, discrete events or changes in tax law. Our operating subsidiaries are exposed to effective tax rates ranging from zero to approximately 42%. Fluctuations in the distribution of pre-tax income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the condensed consolidated financial statements. In the three-month periods ended September 30, 2015 and 2014, the effective tax rates were 9.5% and 7.1%, respectively. In the nine-month periods ended September 30, 2015 and 2014, the effective tax rates were 8.7% and 12.8%, respectively.

We assess uncertain tax positions in accordance with ASC 740 (ASC 740-10 Accounting for Uncertainties in Tax). At September 30, 2015, our net unrecognized tax benefits totaled approximately $13.6 million which, if recognized, would favorably impact our effective tax rate in the periods in which they are recognized. It is possible that approximately $2.8 million of the unrecognized tax benefits may be released during the next 12 months due to lapse of statutes of limitations or settlements with tax authorities. We cannot reasonably estimate the range of the potential outcomes of these matters. During the nine-month period ended September 30, 2015, we released $3.0 million of unrecognized tax benefits based on current guidance and clarification of law from tax authorities.

We conduct business globally and, as a result, file numerous consolidated and separate income tax returns in The Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. Our subsidiaries are generally no longer subject to income tax examinations by tax authorities for years before 2010. Currently, the U.S. tax authority (Internal Revenue Service) is examining our U.S. federal tax returns for 2011 and 2012. The outcome is not assessable at this time.

As of September 30, 2015, residual Netherlands income taxes have not been provided on the undistributed earnings of the majority of our foreign subsidiaries as these earnings are considered to be either permanently reinvested or can be

repatriated tax free.

---

11. Inventories

The components of inventories consist of the following as of September 30, 2015 and December 31, 2014:

(in thousands)	September 30, 2015	December 31, 2014
Raw materials	$ 23,998	$ 24,781
Work in process	22,156	22,489
Finished goods	87,920	85,006
Total inventories	$ 134,074	$ 132,276

12. Equity

Issuance of Warrants

In March 2014, in connection with the issuance of our Cash Convertible Notes, we issued warrants (as described in Note 9, "Debt") for approximately 25.8 million shares of our common stock (subject to antidilution adjustments under certain circumstances) with an initial exercise price of $32.085 per share, subject to customary adjustments. The proceeds from the sale of the Warrants, net of issuance costs, of approximately $68.9 million are included as additional paid in capital in the accompanying balance sheet. The Warrants expire as follows: Warrants to purchase 15.2 million shares expire over a period of 50 trading days beginning on December 27, 2018 and Warrants to purchase 10.6 million shares expire over a period of 50 trading days beginning on December 29, 2020. The Warrants are exercisable only upon expiration. For each Warrant that is exercised, we will deliver to the holder a number of shares of our common stock equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. The Warrants could separately have a dilutive effect on shares of our common stock to the extent that the market value per share of our common stock exceeds the applicable exercise price of the Warrants (as measured under the terms of the Warrants).

Share Repurchase Programs

In 2012, our Supervisory Board approved a program authorizing management to purchase up to a total of $100 million of our common shares (excluding transaction costs). We completed this share repurchase program in April 2013 having repurchased, between October 2012 and April 2013, a total of 5.1 million QIAGEN shares for an aggregate cost of $99.0 million.

In 2013, we announced a second share buyback program, to purchase up to another $100 million of our common shares (excluding transaction costs). We completed the share repurchase program in June 2014 having repurchased between September 2013 and June 2014 a total of approximately 4.4 million QIAGEN shares for a total aggregate cost of $100.4 million (including performance fees), under this program.

In July 2014, we announced the launch of our third $100 million share repurchase program to purchase up to another $100 million of our common shares (excluding transaction costs). In 2014, 2.1 million QIAGEN shares were repurchased for $49.1 million (excluding transaction costs) and in 2015 0.8 million QIAGEN shares were repurchased for $20.8 million.

The cost of repurchased shares is included in treasury stock and reported as a reduction in total equity when a repurchase occurs. Repurchased shares will be held in treasury in order to satisfy various obligations, which include exchangeable debt instruments, warrants and employee share-based remuneration plans.

Accumulated Other Comprehensive Income (Loss)

The following table is a summary of the components of accumulated other comprehensive income (loss) as of September 30, 2015 and December 31, 2014:

(in thousands)	September 30, 2015	December 31, 2014
Net unrealized gain on hedging contracts, net of tax of $0.5 million in 2015	$ 1,427	$ —
Net unrealized loss on pension, net of tax	(882)	(882)
Foreign currency effects from intercompany long-term investment transactions, net of tax of $7.8 million and $6.8 million in 2015 and 2014, respectively	(16,716)	(12,933)
Foreign currency translation adjustments	(229,347)	(120,920)

Accumulated other comprehensive loss	$ (245,518)	$ (134,735)

24

Table of Contents

13. Earnings per Common Share

We present basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net income attributable to the owners of QIAGEN N.V. by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if all "in the money" securities to issue common shares were exercised. The following table summarizes the information used to compute earnings per common share:

	Three months ended September 30,	
(in thousands, except per share data)	2015	2014
Net income attributable to the owners of QIAGEN N.V.	$33,930	$34,689
Weighted average number of common shares used to compute basic net income per common share	233,607	232,872
Dilutive effect of warrants	—	5,087
Dilutive effect of stock options and restricted stock units	3,498	3,468
Weighted average number of common shares used to compute diluted net income per common share	237,105	241,427
Outstanding options and awards having no dilutive effect, not included in above calculation	10	213
Outstanding warrants having no dilutive effect, not included in above calculation	25,800	31,395
Basic earnings per common share attributable to the owners of QIAGEN N.V.	$0.15	$0.15
Diluted earnings per common share attributable to the owners of QIAGEN N.V.	$0.14	$0.14

	Nine months ended September 30,	
(in thousands, except per share data)	2015	2014
Net income attributable to the owners of QIAGEN N.V.	$78,530	$90,791
Weighted average number of common shares used to compute basic net income per common share	233,407	232,763
Dilutive effect of warrants	181	5,536
Dilutive effect of stock options and restricted stock units	3,584	3,374
Weighted average number of common shares used to compute diluted net income per common share	237,172	241,673
Outstanding options and awards having no dilutive effect, not included in above calculation	47	485
Outstanding warrants having no dilutive effect, not included in above calculation	26,161	36,469
Basic earnings per common share attributable to the owners of QIAGEN N.V.	$0.34	$0.39
Diluted earnings per common share attributable to the owners of QIAGEN N.V.	$0.33	$0.38

14. Commitments and Contingencies

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, we could be required to make additional contingent cash payments totaling up to $79.2 million based on the achievement of certain revenue and operating results milestones as follows: $14.6 million in the remainder of 2015, $25.0 million in 2016, $15.5 million in 2017, $5.1 million in 2019 and $19.0 million payable in any 12-month period from now through 2029 based on the accomplishment of certain revenue or diagnostic approval targets. Of the $79.2 million total contingent obligation, we have assessed the fair

value at September 30, 2015 to be $20.3 million, of which $13.0 million is included in other long-term liabilities and $7.3 million is included in accrued and other liabilities in the accompanying condensed consolidated balance sheet.

Preacquisition Contingencies

In connection with certain acquisitions, amounts were paid into escrow accounts to cover certain preacquisition contingencies assumed in the acquisition. The escrow amounts that are likely to be claimed by QIAGEN are recorded as an asset in prepaid and other expenses and amount to $2.5 million as of September 30, 2015 ($2.5 million as of December 31, 2014).

Table of Contents

Contingencies

In the ordinary course of business, we provide a warranty to customers that our products are free of defects and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, we typically provide limited warranties with respect to our services. From time to time, we also make other warranties to customers, including warranties that our products are manufactured in accordance with applicable laws and not in violation of third-party rights. We provide for estimated warranty costs at the time of the product sale. We believe our warranty reserves of $3.3 million and $3.3 million as of September 30, 2015 and December 31, 2014, respectively, appropriately reflect the estimated cost of such warranty obligations.

Litigation

From time to time, QIAGEN may be party to legal proceedings incidental to its business. As of September 30, 2015, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or its subsidiaries. These matters have arisen in the ordinary course and conduct of business, as well as through acquisition. Although it is not possible to predict the outcome of such litigation, we assess the degree of probability and evaluate the reasonably possible losses that we could incur as a result of these matters. We accrue for any estimated loss when it is probable that a liability has been incurred and the amount of probable loss can be estimated. Based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such legal proceedings will not have a material adverse effect on QIAGEN's financial position or results of operations.

15. Share-Based Compensation

Stock Options

During the three- and nine-month periods ended September 30, 2015 and 2014, we did not grant any options to purchase common shares.

The unrecognized share-based compensation expense related to employee stock option awards, less estimated forfeitures, was approximately $0.4 million, as of September 30, 2015 which will be recognized over a period of 0.53 years.

Stock Units

Stock units represent rights to receive Common Shares at a future date and include restricted stock units which are subject to time-vesting only and performance stock units which include performance conditions in addition to time-vesting. During the three- and nine-month period ended September 30, 2015, we granted 0.1 million and 1.7 million stock awards compared to 0.1 million and 1.6 million stock awards for the three- and nine-month period ended September 30, 2014, respectively.

At September 30, 2015, there was $95.5 million remaining in unrecognized compensation expense, less estimated forfeitures, related to these awards which will be recognized over a period of 2.67 years.

Share-Based Compensation Expense

Total share-based compensation expense for the three- and nine-month periods ended September 30, 2015 and 2014 is comprised of the following:

	Three months ended September 30,	
Compensation Expense (in thousands)	2015	2014
Cost of sales	$347	$861
Research and development	921	1,654
Sales and marketing	(146)	2,767
General and administrative, integration and other	1,423	4,908
Share-based compensation expense before taxes	2,545	10,190
Less: income tax benefit	570	2,218
Net share-based compensation expense	$1,975	$7,972

Compensation Expense (in thousands)	Nine months ended September 30, 2015	2014
Cost of sales	$1,956	$2,456
Research and development	4,733	5,462
Sales and marketing	5,188	7,525
General and administrative, restructuring, integration and other	10,698	14,160
Share-based compensation expense before taxes	22,575	29,603
Less: income tax benefit	5,398	6,518
Net share-based compensation expense	$17,177	$23,085

Total share-based compensation expense for the three- and nine-month periods ended September 30, 2015 was lower compared to the same periods in 2014 following a reassessment on stock units with performance criteria. No compensation cost was capitalized in inventory at September 30, 2015 or December 31, 2014 as the amounts were not material.

16. Related Party Transactions

From time to time, we engage in transactions with companies in which we hold interests all of which are individually and in the aggregate immaterial except for certain transactions as discussed below.

We had a 100% interest in QIAGEN Finance (Luxembourg) S.A. (QIAGEN Finance), which was established for the purpose of issuing convertible debt. QIAGEN Finance was a variable interest entity with no primary beneficiary, and thus was not consolidated and accordingly, the convertible debt was not included in the consolidated statements of QIAGEN N.V., though QIAGEN N.V. did report the full obligation of the debt through its liabilities to QIAGEN Finance. As of December 31, 2014, we had loans payable to QIAGEN Finance $130.5 million, accrued interest due to QIAGEN Finance of $3.9 million and amounts receivable from QIAGEN Finance of $3.0 million. The amounts receivable were related to subscription rights which were recorded net in the equity of QIAGEN N.V. as paid-in capital. As discussed in Note 9, during 2015, we repaid the loan to QIAGEN Finance and repurchased the warrant agreement with QIAGEN Finance.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section contains a number of forward-looking statements. These statements are based on current management expectations, and actual results may differ materially. Among the factors that could cause actual results to differ from management's expectations are those described in "Risk Factors" and "Forward-looking and Cautionary Statements" below.

Forward-looking and Cautionary Statements

This report contains forward-looking statements that are subject to risks and uncertainties. These statements can be identified by the use of forward-looking terminology, such as "believe," "hope," "plan," "intend," "seek," "may," "will," "coul "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: risks associated with our expansion of operations, including the acquisition of new businesses; variability in our operating results from quarter to quarter; management of growth, international operations, and dependence on key personnel; intense competition; technological change; our ability to develop and protect proprietary products and technologies and to enter into and maintain collaborative commercial relationships; our future capital requirements; general economic conditions and capital market fluctuations; and uncertainties as to the extent of future government regulation of our business. As a result, our future success involves a high degree of risk. For further information, refer

to the more specific risks and uncertainties discussed in Part 1, Item 3 "Key Information" of our Annual Report on Form 20-F for the year ended December 31, 2014 and under the heading "Risk Factors" below.

27

Table of Contents

Results of Operations

Overview

We are a leading global provider of Sample to Insight solutions to transform biological materials into valuable molecular insights. QIAGEN sample technologies isolate and process DNA, RNA and proteins from any biological sample, such as blood or tissue. Assay technologies make these biomolecules visible and ready for analysis, such as identifying the DNA of a virus or a mutation of a gene. Bioinformatics solutions integrate software and cloud-based resources to interpret increasing volumes of biological data and report relevant, actionable insights. Our automation solutions tie these together in seamless and cost-effective molecular testing workflows.

We sell our products - consumables, automated instrumentation systems using those technologies, and bioinformatics to analyze and interpret the data - to four major customer classes:

- Molecular Diagnostics - healthcare providers engaged in many aspects of patient care including Prevention, Profiling of diseases, Personalized Healthcare and Point of Need testing
- Applied Testing - government or industry customers using molecular technologies in fields such as forensics, veterinary diagnostics and food safety testing
- Pharma - pharmaceutical and biotechnology companies using molecular testing to support drug discovery, translational medicine and clinical development efforts
- Academia - researchers exploring the secrets of life such as the mechanisms and pathways of diseases, and in some cases translating that research into drug targets or commercial applications

We market products in more than 100 countries throughout the world. We have established subsidiaries in markets we believe have the greatest sales potential, including countries throughout Europe, Asia, the Americas and Australia. We also work with specialized independent distributors and importers. As of September 30, 2015, we employed approximately 4,500 people in more than 35 locations worldwide.

QIAGEN is transforming its portfolio to build momentum and deliver more rapid, sustainable sales growth. These expansion efforts have more than offset the sharp decline of HPV test sales in the U.S. in recent years, with 2015 expected to be the final year of significant headwinds. A portfolio of growth drivers has been expanding in recent years.

Among recent developments:

QIAsymphony extends its reach as content menu expands

- Placements of the modular QIAsymphony platform, which offers customers Sample to Insight automation for medium-throughput molecular testing workflows, are on track for the 2015 goal of over 1,500 total cumulative placements, up from 1,250 at the end of 2014.
- The first multiplex assay to run on the QIAsymphony platform, the RespiFast RG Panel, was launched in Europe with CE-IVD marking for detection and differentiation of 18 viruses and four bacteria that cause acute upper respiratory tract infections. QIAGEN also reached an agreement for Seegene Inc. to develop a pipeline of multiplex assay panels for QIAsymphony. The menu on QIAsymphony is considered the broadest in Europe and spans several disease areas.

Personalized Healthcare partnerships add to leadership

- QIAGEN's industry-leading portfolio of collaborations with pharmaceutical and biotech companies continued to grow at a record pace. Two new master collaboration agreements were signed in the third quarter of 2015, expanding the total to 12 publicly announced master collaboration agreements with pharmaceutical and biopharmaceutical companies. QIAGEN also signed collaborations for co-development of tests based on several cancer-related biomarkers including IDH1/2, FGFR, BRAF and PI3K and for a range of different testing platforms that currently involves PCR, ModaPlex, QuantiFERON and next-generation sequencing (NGS).
- A U.S. regulatory submission was completed for the therascreen® EGFR RGQ PCR Kit as a companion diagnostic, this time to guide the use of Clovis Oncology's targeted therapy rociletinib, which was submitted for U.S. regulatory approval for the treatment of patients with T790M-positive EGFR-mutant non-small cell lung cancer (NSCLC). This kit also received U.S. regulatory approval during the third quarter of 2015 to guide the use of AstraZeneca's IRESSA® (gefitinib) in patients with advanced or metastatic NSCLC.

QuantiFERON-TB grows with global fight against tuberculosis

- The QuantiFERON-TB Gold (QFT) test for latent tuberculosis, the modern alternative to the century-old tuberculin skin test, has been delivering the fastest growth momentum in Europe and North America, and complemented by expansion activities in the Asia-Pacific / Japan region. Adoption of the fourth-generation QuantiFERON-TB Plus test accelerated during the third

Table of Contents

quarter in Europe and other markets where the CE-IVD version has been introduced, while development and regulatory efforts for the U.S. submission are moving ahead as planned.

Bioinformatics grows in NGS data generation

- The QIAGEN Clinical Insight portfolio has been expanded to include QCI Analyze for secondary analysis of genomic data after sequencing in addition to QCI Interpret for understanding and interpreting the results. This evidence-based clinical decision support solution is a software and content platform for clinical labs to use in the interpretation and reporting of complex genomic variants from NGS data.
- QIAGEN has launched a new hereditary disease solution for research labs to accelerate solve rates in diagnostic odyssey cases while freeing up time and resources by enabling researchers to directly focus on the right causal candidates. The offering includes QIAGEN's Biomedical Genomics Workbench, Biomedical Genomics Server Solution, Ingenuity® Variant Analysis™ and HGMD® Human Gene Mutation Database.

Next-generation sequencing solutions aim to drive clinical adoption

- QIAGEN is preparing to introduce the GeneReader NGS System in the fourth quarter of 2015 with the ambition of addressing the needs of lab customers for a simpler, more cost-effective and efficient way to take advantage of NGS technology and improve outcomes.

Final year of material headwinds from U.S. HPV franchise

- QIAGEN's digene HC2 HPV Test maintains the leading U.S. market share in cervical cancer screening despite aggressive price competition that has reduced sales in recent years. Pressure on HPV test sales in the U.S. has continued. QIAGEN expects U.S. HPV sales to create 3-4 percentage points of headwind on total full-year 2015 net sales growth and represent approximately 3% of total sales on a full-year basis.

Increasing returns in third $100 million share repurchase

QIAGEN is committed to disciplined capital allocation that includes supporting business expansion through targeted acquisitions as well as increasing returns to shareholders. QIAGEN is currently conducting its third $100 million share repurchase program, which was started in August 2014. Approximately 3.0 million shares have been repurchased in the third program on the Frankfurt Stock Exchange at a volume-weighted average price of EUR 19.33 per share for EUR 57 million (approximately $70.0 million). Repurchased shares are held in treasury to satisfy obligations for exchangeable debt instruments and employee share-based remuneration plans. Further information is available on the QIAGEN website (www.qiagen.com).

Three- and Nine- Month Periods Ended September 30, 2015 compared to Three- and Nine- Month Periods Ended September 30, 2014

Net Sales

In the third quarter of 2015, net sales decreased by 7% to $314.6 million, from $336.5 million in the third quarter of 2014, with adverse currency movements resulting in a loss of nine percentage points of sales growth. Excluding the effect of adverse currency movements, total growth reflected weaker instrument sales (+4% / 13% of sales) following robust performances in the first two quarters of 2015 compared to the same periods in 2014 as well as ongoing growth in consumables and related revenues (+2% / 87% of sales). Excluding the effect of adverse currency movements, about two percentage points of total sales growth came from the acquisition of the Enzymatics NGS technology and consumables portfolio (acquired in December 2014), while the rest of the business was largely stable compared to the third quarter of 2014. Excluding the expected impact of sharply lower U.S. sales of HPV (human papillomavirus) tests for cervical cancer screening, which created about three percentage points of headwind, as well as the effect of adverse currency movements, net sales rose approximately 5% in the third quarter of 2015.

Net sales decreased 5% in the first nine-months of 2015 to $932.4 million compared to $984.4 million in the same period in 2014 with adverse currency movements resulting in a loss of eight percentage points of sales growth. Excluding the effect of adverse currency movements, all customer classes contributed to total growth of 3% based on gains in instruments (+10% / 13% of sales) and higher contributions from consumables and related revenues (+2% / 87% of sales). Excluding the effect of adverse currency movements, about two percentage points of total sales growth came from the acquisitions of the Enzymatics NGS technology and consumables portfolio (acquired in December

2014) and the BIOBASE bioinformatics business (acquired in April 2014), while sales in the rest of the business provided approximately one percentage point. Excluding the expected impact of sharply lower U.S. sales of HPV tests, which created approximately four percentage points of headwind, as well as the effect of adverse currency movements, net sales rose approximately 7% in the first nine months of 2015.
Geographic regions: Excluding the loss of 15 percentage points of sales growth due to adverse currency movements, the Europe / Middle East / Africa region (+6% / 35% of sales) led the geographic performance in the third quarter of 2015 on solid gains across the region, including Switzerland and Turkey and some Nordic regions. The Americas (-1% / 46% of sales) was up 5% excluding U.S.

Table of Contents

HPV sales, led by the U.S. which more than offset weaker results in Latin America, when excluding three percentage points of adverse currency movements. Asia-Pacific / Japan (+1% / 18% of sales) was weighed on by a significant sales decline in Japan and largely unchanged sales in China, against the backdrop of robust growth in South Korea and improving trends in Australia, when excluding nine percentage points of adverse currency movements.
The top seven emerging markets achieved 11% of growth through the first nine months of 2015 when excluding ten percentage points of adverse currency movements, but faced a slowdown during the third quarter of 2015 (+3% / 15% of sales) excluding adverse currency movements of twelve percentage points, due to weaker trends in China, Mexico and Russia against gains in Turkey, India and South Korea.
Customer classes: An overview of performance in QIAGEN's four customer classes:
Molecular Diagnostics, which contributed approximately 49% of net sales declined 11% in the third quarter of 2015 compared to the third quarter of 2014, had a softer performance in the third quarter of 2015, delivering approximately 2% growth from the core portfolio while absorbing the ongoing expected decline in sales of U.S. HPV test products (-44% / 3% of sales). Adverse currency movements resulted in a loss of eight percentage points of sales growth in the third quarter of 2015. Strong growth for the QIAsymphony and QIAcube automation systems was partially offset by weaker trends for other products and instrument services, while consumables and related revenues declined at a modest rate. The QuantiFERON-TB test, the modern gold standard for latent tuberculosis (TB) testing, maintained its 18% annual growth pace and is on track to exceed $120 million of full-year 2015 sales. The Personalized Healthcare portfolio posted higher sales on revenues from Pharma co-development agreements, but showed slower trends for companion diagnostic assays. Consumable sales related to the QIAsymphony automation platform advanced at a solid pace, while sales of Profiling consumables used for infectious disease testing faced a tough comparison to results in the year-ago quarter that included national tenders related to outbreaks. In the first nine months of 2015, Molecular Diagnostics sales declined 8% and provided 49% of sales with adverse currency movements resulting in a loss of nine percentage points of sales growth.
Applied Testing, which represented approximately 9% of net sales and declined 2% in the third quarter of 2015 compared to the third quarter of 2014, delivered ongoing solid consumables and related revenues growth, but faced a shift to lower instrument sales in the third quarter of 2015 with adverse currency movements resulting in a loss of eight percentage points of sales growth. All regions contributed to growth before negative currency impacts, which was led by business volume expansion in Human ID / forensics and veterinary diagnostics applications. In the first nine months of 2015, Applied Testing sales growth declined 1% and provided 9% of sales with adverse currency movements resulting in a loss of nine percentage points of sales growth.
Pharma, which represented approximately 20% of net sales with 1% growth in the third quarter of 2015 compared to the third quarter of 2014 with adverse currency movements resulting in a loss of six percentage points of sales growth. Before negative currency impacts, Pharma maintained a solid year-on-year performance, advancing on similar gains in instrument sales consumables and related revenues. The Americas and Europe / Middle East / Africa regions more than offset reduced contributions from Asia-Pacific / Japan. In the first nine months of 2015, Pharma sales growth remained unchanged compared to 2014 and provided 20% of sales with adverse currency movements resulting in a loss of six percentage points of sales growth.
Academia, which represented approximately 22% of net sales, declined 4% in the third quarter of 2015 compared to the third quarter of 2014 with adverse currency movements resulting in a loss of ten percentage points of sales growth. Before negative currency impacts, Academia benefited from solid sales growth in consumables and related revenues as well growth from instruments. Before negative currency impacts, Europe contributed sales growth, and the U.S. continued to see better customer funding sentiment, while results in Asia-Pacific / Japan were unchanged from the same period in 2014. In the first nine months of 2015, Academia sales declined 5% and provided 22% of sales with adverse currency movements resulting in a loss of ten percentage points of sales growth.

Gross Profit

Gross profit was $204.6 million (65% of net sales) for the three-month period ended September 30, 2015, as compared to $223.2 million (66% of net sales) in the same period in 2014. Gross profit for the nine-month period ended September 30, 2015 was $603.1 million (65% of net sales) as compared to $649.2 million (66% of net sales) for the

same period in 2014. Gross profit is influenced by the continued growth in sales of our QuantiFERON-TB test in 2015, a product with a comparably high cost of sales. Generally, our consumable and related products have a higher gross margin than our instrumentation products and service arrangements. Fluctuations in the sales levels of these products and services can result in fluctuations in gross margin between periods. Further, changes in the fair value of contingent consideration linked to revenue targets as discussed in Note 8 and amortization expense related to developed technology and patent and license rights, which have been acquired in business combinations, is included in cost of sales. In the third quarter of 2015, the amortization expense on acquisition-related intangibles within cost of sales decreased to $19.8 million compared to $20.4 million in the same period of 2014 and for the nine-month period ended September 30, 2015, the amortization expense on acquisition-related intangibles within cost of sales decreased to $58.7 million compared to $61.4 million in the same period of 2014. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

Research and Development
Research and development expenses decreased by 14% to $35.6 million (11% of net sales) in the third quarter of 2015, compared to $41.5 million (12% of net sales) in the same period of 2014. The decrease in the third quarter of 2015 includes a $3.5 million favorable currency exchange impact.
For the nine-month period ended September 30, 2015, research and development expenses decreased by 10% to $107.5 million (12% of net sales) compared to $119.7 million (12% of net sales) for the same period 2014. The decrease in research and development expense in 2015 includes $11.6 million of favorable currency exchange impact.
The decreases in the three- and nine- month periods ended September 30, 2015 reflected favorable currency exchange impacts and research and development credits and reimbursements, and were partially offset by costs with increased research and development activities. The increase in research and development expenses in 2015 primarily reflects our acquisitions of Ingenuity, CLC Bio and BIOBASE and regulatory activity in support of new products. Business combinations, along with the acquisition of new technologies, may continue to increase our research and development costs. As we continue to discover, develop and acquire new products and technologies, we expect to incur additional expenses related to facilities, licenses and employees engaged in research and development. Additionally, research and development costs are expected to increase as a result of seeking regulatory approvals, including U.S. FDA Pre-Market Approval (PMA), U.S. FDA 510(k) clearance and EU CE approval of certain assays or instruments. We have a strong commitment to innovation and expect to continue to make investments in our research and development efforts.
Sales and Marketing
Sales and marketing expenses decreased by 4% to $88.8 million (28% of net sales) in the third quarter of 2015 from $92.1 million (27% of net sales) in the same period of 2014. The decrease in the third quarter of 2015 includes an $8.6 million favorable currency exchange impact.
For the nine-month period ended September 30, 2015, sales and marketing expenses decreased by 3% to $267.2 million (29% of net sales) from $276.3 million (28% of net sales) for the same period in 2014. The decrease was driven by $25.9 million of favorable currency exchange impact.
The decreases in the three- and nine- month periods ended September 30, 2015 reflect favorable currency exchange impacts that were partially offset by costs with increased sales and marketing activities. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses, medical device excise tax and other promotional expenses. During 2015, we continued investments in our commercialization activities related to our sales force and e-commerce initiatives which more than offset the favorable currency impacts and lower compensation costs following a reassessment on stock units with performance criteria. We anticipate that sales and marketing costs will increase along with new product introductions and growth in sales of our products.
General and Administrative, Integration and Other Costs
General and administrative, integration and other costs were $24.6 million (8% of net sales) in the third quarter of 2015 as compared to $30.1 million (9% of net sales) in the third quarter of 2014. The decrease in the third quarter of 2015 includes a $2.3 million favorable currency exchange impact.
During the nine-month period ended September 30, 2015, we recorded general and administrative, integration and other costs of $78.2 million (8% of net sales) compared to $84.9 million (9% of net sales) for the same period in 2014. In the nine-month period ended September 30, 2015, general and administrative, integration and related costs were favorably impacted by $7.3 million in currency impacts.
In the three- and nine-month periods ended September 30, 2015, share based compensation costs was lower compared to the same periods in 2014 following a reassessment on stock units with performance criteria. As we further integrate acquired companies and pursue other opportunities to gain efficiencies, we expect to continue to incur additional business integration costs in 2015. Over time, we believe the integration activities will reduce expenses as we improve efficiency in operations.
Acquisition-Related Intangible Amortization
Amortization expense related to developed technology and patent and license rights acquired in a business combination is included in cost of sales. Amortization of trademarks, customer base and noncompete agreements

acquired in a business combination is recorded in operating expense under the caption "acquisition-related intangible amortization." Amortization expenses of intangible assets not acquired in a business combination are recorded within cost of sales, research and development, or sales and marketing based on the use of the asset.

During the quarter ended September 30, 2015, the amortization expense on acquisition-related intangibles within operating expense increased to $9.6 million compared to $9.3 million during the same period of 2014. We recorded amortization expense on acquisition-related intangibles within operating expense of $28.9 million during the nine-month period ended September 30, 2015 compared to $28.0 million for the same period of 2014. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

31

Table of Contents

Other Income (Expense), net

Total other expense was $8.6 million and $35.3 million in the three- and nine- month periods ended September 30, 2015, respectively, compared to $12.8 million and $35.8 million in the same periods of 2014. Total other expense, net is primarily the result of interest expense and other expense, partially offset by interest income and impacts of foreign currency transactions. Included in other income (expense) income, net for the nine months ended September 30, 2015 is a $7.6 million loss recognized on the repurchase of the $130.5 million loan payable to and warrant agreement with Finance. For the nine months ended September 30, 2014 a $4.6 million loss recognized on the redemption of the $300 million loan payable to and subscription right with Euro Finance is included. Both transactions are discussed more fully in Note 9, "Debt."

Interest expense decreased to $9.2 million during the quarter ended September 30, 2015 compared to $10.8 million in the same period of 2014. During the nine-month periods ended September 30, 2015 and 2014, we recorded interest expense of $27.7 million and $29.4 million, respectively. Interest costs primarily relate to debt, discussed in Note 9 in the accompanying notes to the condensed consolidated financial statements. Interest expense decreased primarily as a result of the repayments of the 2006 Notes as discussed in Note 9.

For the three-month periods ended September 30, 2015 and 2014, interest income was $1.3 million and $0.9 million. For the nine-month period ended September 30, 2015, interest income increased to $3.0 million from $2.8 million in the same period 2014. Interest income primarily reflects the changes in our cash and short-term investments and the changing interest rates thereon.

For the three- and nine- month periods ended September 30, 2015, we recorded net losses on foreign currency transactions of $0.2 million and $0.1 million, respectively. For the three- and nine- month periods ended September 30, 2014 net gains of $1.2 million and $3.0 million, respectively, were recorded. These gains and losses are due to foreign currency rate fluctuations.

Provision for Income Taxes

In the third quarters of 2015 and 2014, our effective tax rates were 9.5% and 7.1%, respectively. For the nine-month periods ended September 30, 2015 and 2014, our effective tax rates were 8.7% and 12.8%, respectively. Our provision for income taxes is based upon the estimated annual effective tax rates. Our operating subsidiaries are exposed to effective tax rates ranging from zero to approximately 42%. Fluctuations in the distribution of pre-tax income (loss) among our operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. During the nine-month period ended September 30, 2015, we released $3.0 million of unrecognized tax benefits due to subsequent guidance and clarification of law from tax authorities.

Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt and private and public sales of equity. Our primary use of cash has been to support continuing operations and our investing activities, including capital expenditure requirements and acquisitions. As of September 30, 2015 and December 31, 2014, we had cash and cash equivalents of $331.0 million and $392.7 million, respectively. Cash and cash equivalents are primarily held in U.S. dollars and euros, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At September 30, 2015, cash and cash equivalents had decreased by $61.7 million from December 31, 2014, primarily due to cash used in financing activities of $262.2 million and investing activities of $17.1 million offset by cash provided by operating activities of $230.7 million. As of September 30, 2015 and December 31, 2014, we had working capital of $699.4 million and $717.1 million, respectively.

Operating Activities. For the nine months ended September 30, 2015 and 2014, we generated net cash from operating activities of $230.7 million and $208.9 million, respectively. While net income was $78.5 million for the nine months ended September 30, 2015, non-cash components in income included $139.7 million of depreciation and amortization. Operating cash flows include a net decrease in working capital of $70.5 million excluding changes in fair values of derivative instruments. The current period change in working capital is primarily due to increased inventories, decreased accrued liabilities and payments made for income taxes. Because we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products, longer collection cycles or significant technological advances of competitors would have a negative impact on our liquidity.

Investing Activities. Approximately $17.1 million of cash was used in investing activities during the nine months ended September 30, 2015, compared to $280.8 million for the same period in 2014. Cash used in investing activities during the nine months ended September 30, 2015 consisted principally of $190.5 million for purchases of short-term investments and $67.7 million paid for purchases of property, plant and equipment, including our ongoing construction projects in the U.S., as well as $14.4 million paid for intangible assets, $5.6 million paid for investments, and cash paid for acquisitions, net of cash acquired, of $7.1 million and was mostly offset by $274.1 million from the sale of short-term investments.

In recent years we have expanded our Hilden, Germany, and Germantown, Maryland, USA facilities. There are two new small-scale expansion projects in Maryland that started in 2014 and are estimated to be completed in 2015. We anticipate being able to fund these expansions with cash generated by operating activities.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $79.2 million based on the achievement of certain revenue and operating results milestones as follows: $14.6 million in the remainder of 2015, $25.0 million in 2016, $15.5 million in 2017, $5.1 million in 2019 and $19.0 million payable in any 12-month period from now

Table of Contents

through 2029 based on the accomplishment of certain revenue or diagnostic approval targets. Of the $79.2 million total contingent obligation we have assessed the fair value at September 30, 2015 to be $20.3 million of which $13.0 million is included in other long-term liabilities and $7.3 million is included in accrued and other liabilities in the accompanying condensed consolidated balance sheet.

Financing Activities. Financing activities used $262.2 million of cash for the nine months ended September 30, 2015, compared to cash provided by financing activities of $230.5 million for the nine months ended September 30, 2014. Cash used during the nine months ended September 30, 2015, was mainly due to the repayment of the long-term debt of QIAGEN Finance of $250.9 million as discussed in Note 9 "Debt" as well as $20.8 million due to the purchase of treasury shares as discussed in Note 12 "Equity." In 2014, the net proceeds from the issuance of the Cash Convertible Notes, including the related cash flow from the purchase of the Call Options and the issuance of the Warrants, were substantially used to fund the $372.5 million redemption of the 2006 Notes and subscription right as discussed in Note 9 "Debt." Additionally, cash used during the nine months ended September 30, 2014 was for the purchase of treasury shares of $91.9 million and was partially offset by $10.1 million for the issuance of common shares in connection with our stock plan.

In October 2015, we extended the maturity of our €400.0 million syndicated multi-currency revolving credit facility, which now has a contractual life until December 2020 of which no amounts were utilized at September 30, 2015. The €400.0 million facility can be utilized in euro, U.K. pound or U.S. dollar and bears interest of 0.4% to 1.20% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. We have additional credit lines totaling €36.6 million with no expiration date, none of which were utilized as of September 30, 2015. We also have capital lease obligations, including interest, in the aggregate amount of $3.7 million, and carry $1.1 billion of long-term debt, of which $0.5 million is current as of September 30, 2015.

In March 2014, we issued $730.0 million aggregate principal amount of Cash Convertible Senior Notes of which $430.0 million is due in 2019 (2019 Notes) and $300.0 million is due in 2021 (2021 Notes). We refer to the 2019 Notes and 2021 Notes, collectively as the “Cash Convertible Notes” which are discussed fully in Note 9 "Debt." Interest on the Cash Convertible Notes is payable semiannually in arrears on March 19 and September 19 of each year, at rates of 0.375% and 0.875% per annum for the 2019 Notes and 2021 Notes, respectively, commencing on September 19, 2014. The 2019 Notes will mature on March 19, 2019 and the 2021 Notes will mature on March 19, 2021, respectively, unless repurchased or converted in accordance with their terms prior to such date.

We had notes payable, which were the long-term borrowings of the proceeds from the issuances of $150.0 million senior unsubordinated convertible notes, with a 1.5% coupon due in 2024 through QIAGEN Finance (2004 Notes). The 2004 Notes were convertible into our common shares at a conversion price of $12.6449, subject to adjustment. In connection with conversions of $14.9 million of the 2004 Notes, we previously repaid $14.5 million of the debt to QIAGEN Finance. During 2015, we paid $250.9 million for the redemption of the remaining loan and repurchased the warrant agreement with QIAGEN Finance and recognized a loss of $7.6 million in other (expense) income, net.

In October 2012, we completed a U.S. private placement through the issuance of new senior unsecured notes at a total amount of $400 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73 million 7-year term due in 2019 (3.19%); (2) $300 million 10-year term due in 2022 (3.75%); and (3) $27 million 12-year term due in 2024 (3.90%). Approximately EUR 170 million (approximately $220 million) of proceeds from the notes were used to repay amounts outstanding under our short-term revolving credit facility. The remainder of the proceeds provides additional resources to support QIAGEN's longer-term business expansion.

In 2012, our Supervisory Board approved a program authorizing management to purchase up to a total of $100 million of our common shares (excluding transaction costs). We completed the share repurchase program in April 2013 having repurchased between October 2012 and April 2013 a total of 5.1 million QIAGEN shares for a total aggregate cost of $99.0 million (excluding transaction costs).

In 2013, we announced a second share buyback program, to purchase up to another $100 million of our common shares (excluding transaction costs). We completed the share repurchase program in June 2014 having repurchased between September 2013 and June 2014 a total of approximately 4.4 million QIAGEN shares for a total aggregate

cost of $100.4 million (including performance fees) under this program.
In July 2014, we announced the launch of our third $100 million share repurchase program to purchase up to another $100 million of our common shares (excluding transaction costs). In 2014, 2.1 million QIAGEN shares were repurchased for $49.1 million (excluding transaction costs) and in 2015 0.8 million QIAGEN shares were repurchased for $20.8 million. Repurchased shares will be held in treasury in order to satisfy obligations for exchangeable debt instruments and employee share-based remuneration plans.
We expect that cash from financing activities will continue to be impacted by issuances of our common shares in connection with our equity compensation plans and that the market performance of our stock will impact the timing and volume of the issuances. Additionally, we may make future acquisitions or investments requiring cash payments, the issuance of additional equity or debt financing.
We believe that funds from operations, existing cash and cash equivalents, together with the proceeds from our public and private sales of equity, and availability of financing facilities, will be sufficient to fund our planned operations and expansion during the coming year. However, any global economic downturn may have a greater impact on our business than currently expected, and we

Table of Contents

may experience a decrease in the sales of our products, which could impact our ability to generate cash. If our future cash flows from operations and other capital resources are not adequate to fund our liquidity needs, we may be required to obtain additional debt or equity financing or to reduce or delay our capital expenditures, acquisitions or research and development projects. If we could not obtain financing on a timely basis or at satisfactory terms, or implement timely reductions in our expenditures, our business could be adversely affected.

Quantitative and Qualitative Disclosures about Market Risk

Our market risk relates primarily to interest rate exposures on cash, marketable securities and borrowings and foreign currency exposures on intercompany and third-party transactions. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign currency exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or speculative purposes. Our exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from our exposure as discussed in Item 11 of our Annual Report on Form 20-F for the year ended December 31, 2014.

Foreign Currency

QIAGEN N.V.'s functional currency is the U.S. dollar and our subsidiaries' functional currencies are generally the local currencies of the respective countries in which they are located. All amounts in the financial statements of entities whose functional currency is not the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders' equity at historical rates. Translation gains or losses are recorded in shareholders' equity, and transaction gains and losses are reflected in net income. Foreign currency transactions in the three- and nine- month periods ended September 30, 2015 resulted in net losses of $0.2 million and $0.1 million, respectively, compared to $1.2 million and $3.0 million net gains, in the same periods ended 2014 and are included in other expense, net.

Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and variable rate debt. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. We do not utilize derivative or other financial instruments for trading or speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. In determining fair value, we consider both the counterparty credit risk and our own creditworthiness. To determine our own credit risk, we estimated our own credit rating by benchmarking the price of our outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, we quantify our credit risk by reference to publicly-traded debt with a corresponding rating.

Foreign Currency Derivatives

As a globally active enterprise, we are subject to risks associated with fluctuations in foreign currencies in our ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions including intercompany items. We manage our balance sheet exposure on a group-wide basis using foreign exchange options and cross-currency swaps.

We also make use of economic hedges. Further details of our derivative and hedging activities can be found in Note 7 to the accompanying condensed consolidated financial statements.

Recent Authoritative Pronouncements

For information on recent accounting pronouncements impacting our business, see Note 2 to the accompanying condensed consolidated financial statements.

Application of Critical Accounting Policies, Judgments and Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that require the most complex or subjective judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Thus, to the extent that actual events differ from management's estimates and assumptions, there could be a material impact on the financial statements. In applying our critical accounting policies, at times we used accounting estimates that either required us to make assumptions about matters that were highly uncertain at the time the estimate was made or were reasonably likely to change from period to period, having a material impact on the presentation of our results of

---

operations, financial position or cash flows. Our critical accounting policies are those related to revenue recognition, share-based compensation, income taxes, investments, variable interest entities, goodwill and other intangible assets, purchase price allocation and fair value measurements.
Our critical accounting policies are discussed further in Item 5 of our Annual Report on Form 20-F for the year ended December 31, 2014. Actual results in these areas could differ from management's estimates. There have been no significant changes in our critical accounting policies during 2015.

Off-Balance Sheet Arrangements
Other than our arrangements with QIAGEN Finance and Euro Finance as discussed above and in Notes 9 and 16 to the accompanying condensed consolidated financial statements, we did not use special purpose entities and did not have off-balance-sheet financing arrangements as of September 30, 2015 and December 31, 2014.

Contractual Obligations
There were no material changes at September 30, 2015 from the contractual obligations disclosed in Item 5 of our Annual Report on Form 20-F for the year ended December 31, 2014.

Legal Proceedings
For information on legal proceedings, see Note 14 to the accompanying condensed consolidated financial statements. While no assurances can be given regarding the outcome of the proceedings described in Note 14, based on information currently available, we believe that the resolution of these matters is unlikely to have a material adverse effect on our financial position or results of future operations for QIAGEN N.V. as a whole. However, because of the nature and inherent uncertainties of litigation, should the outcomes be unfavorable, certain aspects of our business, financial condition, and results of operations and cash flows could be materially adversely affected.

Risk Factors
Material risks that may affect our results of operations and financial position appear in Part 1, Item 3 "Key Information" of the 2014 Annual Report on Form 20-F for the year ended December 31, 2014. There have been no material changes from the risk factors disclosed in Item 3 of our Form 20-F.