QIAGEN NV
Form 6-K
August 05, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2013
Commission File Number 0-28564

QIAGEN N.V.

Spoorstraat 50
5911 KJ Venlo
The Netherlands

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:
Form 20-F x Form 40-F o
Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o
Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o
Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes o No x
If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
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OTHER INFORMATION

For the three- and six-month periods ended June 30, 2013, QIAGEN N.V. prepared its quarterly report under United States generally accepted accounting principles (U.S. GAAP). This quarterly report is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

QIAGEN N.V.

BY:	/S/ ROLAND SACKERS
	Roland Sackers Chief Financial Officer
Date:	August 2, 2013

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EXHIBIT INDEX

Exhibit No.	Exhibit
99.1	U.S. GAAP Quarterly Report for the Period Ended June 30, 2013

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Exhibit 99.1
QIAGEN N.V. AND SUBSIDIARIES
U.S. GAAP QUARTERLY REPORT FOR THE PERIOD ENDED JUNE 30, 2013
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Financial Information

Condensed Consolidated Financial Statements

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	Note	June 30, 2013 (unaudited)	December 31, 2012
Assets			
Current assets:			
Cash and cash equivalents		$299,819	$ 394,037
Short-term investments		73,379	90,451
Accounts receivable, net of allowance for doubtful accounts of $6,663 and $5,221 in 2013 and 2012, respectively		247,968	250,729
Income taxes receivable		41,966	39,150
Inventories, net	(11)	132,646	135,293
Prepaid expenses and other current assets		76,669	55,363
Deferred income taxes		29,375	27,598
Total current assets		901,822	992,621
Long-term assets:			
Property, plant and equipment, net		412,419	418,932
Goodwill	(6)	1,791,789	1,759,898
Intangible assets, net of accumulated amortization of $579,629 and $532,006 in 2013 and 2012, respectively	(6)	798,226	853,872
Deferred income taxes		4,535	2,323
Other assets		67,488	59,985
Total long-term assets		3,074,457	3,095,010
Total assets		$3,976,279	$ 4,087,631

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

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except par value)

	Note	June 30, 2013 (unaudited)	December 31, 2012
Liabilities and equity			
Current liabilities:			
Current portion of long-term debt	(9)	$727	$948
Accounts payable		43,467	51,311
Accrued and other liabilities (of which $6,943 and $7,008 due to related parties in 2013 and 2012, respectively)	(17)	219,809	196,447
Income taxes payable		30,003	14,863
Deferred income taxes		2,920	3,300
Total current liabilities		296,926	266,869
Long-term liabilities:			
Long-term debt, net of current portion (of which $445,000 in 2013 and 2012 due to related parties)	(9) (17)	845,629	846,044
Deferred income taxes		189,357	191,609
Other liabilities		49,069	58,746
Total long-term liabilities		1,084,055	1,096,399
Commitments and contingencies	(15)		
Equity:			
Preference shares, 0.01 EUR par value, authorized—450,000 shares, no shares issued and outstanding		—	—
Financing preference shares, 0.01 EUR par value, authorized—40,000 shares, no shares issued and outstanding		—	—
Common Shares, 0.01 EUR par value, authorized—410,000 shares, issued—239,411 and 236,487 shares in 2013 and in 2012, respectively		2,808	2,769
Additional paid-in capital		1,758,234	1,718,163
Retained earnings		953,656	985,434
Accumulated other comprehensive (loss) income	(12)	(29,935)	43,991
Less treasury shares at cost—5,071 and 1,943 shares in 2013 and in 2012, respectively		(98,993)	(35,653)
Equity attributable to the owners of QIAGEN N.V.		2,585,770	2,714,704
Noncontrolling interest		9,528	9,659
Total equity		2,595,298	2,724,363
Total liabilities and equity		$3,976,279	$4,087,631

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

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except per share data)

	Three months ended June 30,	
	2013	2012
	(unaudited)	
Net sales	$315,212	$307,213
Cost of sales	146,297	104,239
Gross profit	168,915	202,974
Operating expenses:		
Research and development	33,639	30,621
Sales and marketing	91,296	85,269
General and administrative, restructuring, integration and other	69,132	31,967
Acquisition-related intangible amortization	9,009	9,690
Total operating expenses	203,076	157,547
(Loss) income from operations	(34,161)	45,427
Other income (expense):		
Interest income	413	582
Interest expense	(7,807)	(5,137)
Other expense, net	(5,099)	(1,444)
Total other expense	(12,493)	(5,999)
(Loss) income before provision for income taxes	(46,654)	39,428
Provision for income taxes	5,083	5,745
Net (loss) income	(51,737)	33,683
Net income attributable to noncontrolling interest	24	350
Net (loss) income attributable to the owners of QIAGEN N.V.	$(51,761)	$33,333
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.22)	$0.14
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.22)	$0.14
Weighted-average shares outstanding		
Basic	234,074	235,679
Diluted	234,074	240,231

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

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except per share data)

	Six months ended June 30,	
	2013	2012
	(unaudited)	
Net sales	$618,788	$603,635
Cost of sales	249,861	211,291
Gross profit	368,927	392,344
Operating expenses:		
Research and development	67,939	59,257
Sales and marketing	180,873	167,648
General and administrative, restructuring, integration and other	108,092	65,875
Acquisition-related intangible amortization	17,113	17,654
Total operating expenses	374,017	310,434
(Loss) income from operations	(5,090)	81,910
Other income (expense):		
Interest income	1,271	1,171
Interest expense	(15,473)	(10,155)
Other expense, net	(4,582)	(362)
Total other expense	(18,784)	(9,346)
(Loss) income before provision for income taxes	(23,874)	72,564
Provision for income taxes	7,791	10,392
Net (loss) income	(31,665)	62,172
Net income attributable to noncontrolling interest	113	248
Net (loss) income attributable to the owners of QIAGEN N.V.	$(31,778)	$61,924
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.14)	$0.26
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.14)	$0.26
Weighted-average shares outstanding		
Basic	233,699	235,302
Diluted	233,699	239,558

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

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Note	Three Months Ended June 30, 2013 (unaudited)	2012
Net (loss) income		$(51,737)	$33,683
Gains on cash flow hedges, before tax	(7)	—	7,115
Reclassification adjustments on cash flow hedges, before tax	(7)	—	(6,831)
Cash flow hedges, before tax		—	284
Foreign currency translation adjustments, before tax		(48,569)	(37,534)
Other comprehensive loss, before tax		(48,569)	(37,250)
Income tax relating to components of other comprehensive loss		(1,692)	(771)
Total other comprehensive loss, after tax		(50,261)	(38,021)
Comprehensive loss		(101,998)	(4,338)
Less: Comprehensive income (loss) attributable to noncontrolling interest		207	(185)
Comprehensive loss attributable to the owners of QIAGEN N.V.		$(102,205)	$(4,153)

	Note	Six Months Ended June 30, 2013 (unaudited)	2012
Net (loss) income		$(31,665)	$62,172
Gains on cash flow hedges, before tax	(7)	—	3,541
Reclassification adjustments on cash flow hedges, before tax	(7)	—	(2,978)
Cash flow hedges, before tax		—	563
Foreign currency translation adjustments, before tax		(71,992)	(7,282)
Other comprehensive loss, before tax		(71,992)	(6,719)
Income tax relating to components of other comprehensive loss		(1,716)	(343)
Total other comprehensive loss, after tax		(73,708)	(7,062)
Comprehensive (loss) income		(105,373)	55,110
Less: Comprehensive income attributable to noncontrolling interest		331	12
Comprehensive (loss) income attributable to the owners of QIAGEN N.V.		$(105,704)	$55,098

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

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QIAGEN N.V. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

(unaudited)	Note	Common Shares Shares	Common Shares Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares Shares	Treasury Shares Amount	Equity Attributable to the Owners of QIAGEN N.V.	Non-controlling Interest	Total Equity
BALANCE AT DECEMBER 31, 2012		236,487	$2,769	$1,718,163	$985,434	$43,991	(1,943)	$(35,653)	$2,714,704	$9,659	$2,724,3
Acquisition of Ipsogen S.A. shares from non-controlling interests	(3)	—	—	—	—	—	—	—	—	(462)	(462
Net (loss) income		—	—	—	(31,778)	—	—	—	(31,778)	113	(31,665
Proceeds from subscription receivables		—	—	528	—	—	—	—	528	—	528
Translation adjustment, net	(12)	—	—	—	—	(73,926)	—	—	(73,926)	218	(73,708
Purchase of treasury shares	(13)	—	—	—	—	—	(3,128)	(63,340)	(63,340)	—	(63,340
Issuance of common shares in connection with stock plan		2,924	39	18,014	—	—	—	—	18,053	—	18,053
Share-based compensation	(16)	—	—	18,457	—	—	—	—	18,457	—	18,457
Excess tax benefit of employee stock plans		—	—	3,072	—	—	—	—	3,072	—	3,072
BALANCE AT JUNE 30, 2013		239,411	$2,808	$1,758,234	$953,656	$(29,935)	(5,071)	$(98,993)	$2,585,770	$9,528	$2,595,2
BALANCE AT DECEMBER 31, 2011		234,221	$2,739	$1,673,733	$855,928	$15,904	—	$—	$2,548,304	$9,494	$2,557,7
Net income		—	—	—	61,924	—	—	—	61,924	248	62,172
Proceeds from subscription receivables		—	—	515	—	—	—	—	515	—	515
		—	—	—	—	2,479	—	—	2,479	—	2,479

Unrealized gain, net on hedging contracts										
Realized loss, net on hedging contracts	—	—	—	—	(2,085)	—	—	(2,085)	—	(2,085
Translation adjustment, net	—	—	—	—	(7,221)	—	—	(7,221)	(236)	(7,457
Issuance of common shares in connection with stock plan	1,703	22	12,446	—	—	—	—	12,468	—	12,468
Share-based compensation	—	—	12,627	—	—	—	—	12,627	—	12,627
Excess tax benefit of employee stock plans	—	—	3,138	—	—	—	—	3,138	—	3,138
BALANCE AT JUNE 30, 2012	235,924	$2,761	$1,702,459	$917,852	$9,077	—	$—	$2,632,149	$9,506	$2,641,(

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

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

	Note	Six months ended June 30, 2013 (unaudited)	2012
Cash flows from operating activities:			
Net (loss) income		$(31,665)	$62,172
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization		94,665	93,435
Non-cash impairment of intangibles and other assets		42,768	—
Share-based compensation expense	(16)	18,457	12,627
Excess tax benefits from share-based compensation		(3,072)	(3,138)
Deferred income taxes		(14,294)	(17,514)
Other		5,376	21,827
Net changes in operating assets and liabilities:			
Accounts receivable		(2,599)	4,684
Inventories		(18,599)	(25,927)
Accounts payable		(11,780)	126
Accrued and other liabilities		9,070	(34,961)
Other		5,505	(13,292)
Net cash provided by operating activities		93,832	100,039
Cash flows from investing activities:			
Purchases of property, plant and equipment		(33,695)	(41,836)
Proceeds from sale of equipment		40	806
Purchases of intangible assets		(15,663)	(5,121)
Purchases of investments		(4,136)	(7,000)
Cash paid for acquisitions, net of cash acquired		(102,395)	(131,810)
Proceeds from sales of short-term investments		15,859	—
Other investing activities		1,994	—
Net cash used in investing activities		(137,996)	(184,961)
Cash flows from financing activities:			
Net proceeds from short-term debt		—	68,870
Repayment of long-term debt		(633)	(65)
Principal payments on capital leases		(2,010)	(2,000)
Proceeds from subscription receivables		528	515
Excess tax benefits from share-based compensation		3,072	3,138
Proceeds from issuance of common shares		18,053	12,468
Purchase of treasury shares		(63,340)	—
Other financing activities		(616)	(4,928)
Net cash (used in) provided by financing activities		(44,946)	77,998
Effect of exchange rate changes on cash and cash equivalents		(5,108)	(201)
Net decrease in cash and cash equivalents		(94,218)	(7,125)
Cash and cash equivalents, beginning of period		394,037	221,133
Cash and cash equivalents, end of period		$299,819	$214,008

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

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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 provider of innovative Sample and Assay Technologies. These technologies—consumable products such as sample and assay kits and automated instrumentation systems—empower customers to transform raw biological samples into valuable molecular information. We serve four major customer classes: Molecular Diagnostics laboratories; Applied Testing customers in fields such as forensics, veterinary diagnostics and food safety; Pharmaceutical research and development groups, and Academic researchers. 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 which are not considered variable interest entities. 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 April 29, 2013, we acquired Ingenuity Systems, Inc., located in Redwood City, California (Ingenuity). Accordingly, as of April 29, 2013, all of the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include Ingenuity’s operating results beginning April 29, 2013.

On May 3, 2012, we acquired AmniSure International LLC, located in Boston, Massachusetts (AmniSure). Accordingly, as of May 3, 2012, all of the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include AmniSure’s operating results beginning May 3, 2012.

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.

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, our products and services are offered globally and have consistent product margins. 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, 2012.

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 at December 31, 2012 including the adoption of new standards and interpretations as of January 1, 2013.

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Adoption of New Accounting Standards

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-11, “Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities,” (ASU 2011-11). ASU 2011-11 enhances disclosures regarding financial instruments and derivative instruments. Entities are required to provide both net information and gross information for these assets and liabilities in order to enhance comparability between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The requirements of ASU 2011-11 are to be applied retrospectively and became effective for us on January 1, 2013. The adoption of this standard update did not have any impact on our consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment (ASU 2012-02), allowing entities the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. If the qualitative assessment indicates it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, the quantitative impairment test is required. Otherwise, no testing is required. ASU 2012-02 became effective for us in the period beginning January 1, 2013 and its adoption did not have an effect on our financial position, results of operations or cash flows.

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (ASU 2013-02). Under ASU 2013-02, an entity is required to provide information about the amounts reclassified out of Accumulated Other Comprehensive Income (AOCI) by component. In addition, an entity is required to present, either on the face of the financial statements or in the notes, significant amounts reclassified out of AOCI by the respective line items of net income, but only if the amount reclassified is required to be reclassified in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional details about those amounts. ASU 2013-02 does not change the current requirements for reporting net income or other comprehensive income in the financial statements. ASU 2013-02 became effective for us on January 1, 2013.

New Accounting Standards Not Yet Adopted

In February 2013, the FASB issued Accounting Standards Update No. 2013-04, "Liabilities (Topic 405) Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date" (ASU 2013-04). The amendments in this update provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this update is fixed at the reporting date, except for obligations addressed within existing guidance in U.S. GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in this update also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The requirements of ASU 2013-04 will become effective for us on January 1, 2014. We do not expect the adoption of these provisions to have a material impact on our consolidated financial statements.

In March 2013, the FASB issued Accounting Standards Update No. 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" (ASU 2013-05). The amendments in ASU 2013-05 provide guidance on releasing Cumulative Translation Adjustments (CTA) when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. In addition, these amendments provide guidance on the release of CTA in partial sales of equity method investments and in step acquisitions. For public entities, the amendments are effective on a prospective basis for fiscal years and interim reporting periods within those years, beginning after December 15, 2013. The amendments should be applied prospectively to derecognition events occurring after the effective date. Prior periods

should not be adjusted and early adoption is permitted. ASU 2013-05 will become effective for us in the period beginning January 1, 2014 and the adoption is not expected to have an effect 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.

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2013 Acquisition

On April 29, 2013, we acquired 100% of the outstanding common shares of Ingenuity Systems, Inc., the leading provider of software solutions that efficiently and accurately analyze and interpret the biological meaning of genomic data. The cash consideration totaled $107.0 million, of which an amount of $0.2 million was unpaid as of June 30, 2013 and $10.0 million was retained in an escrow account to cover any claims for breach of any representations, warranties or indemnities. The acquisition of Ingenuity did not have a material impact to net sales, net income or earnings per share and therefore no proforma information has been provided herein.

The allocation of the purchase price is preliminary and is not yet finalized. The preliminary allocation of the purchase price is based upon preliminary estimates using information that was available to management at the time the financial statements were prepared and these estimates and assumptions are subject to change within the measurement period, up to one year from the acquisition date. Accordingly, the allocation may change. We continue to gather information about the fair value of certain assets and liabilities, including intangible assets acquired, deferred taxes and liabilities. Acquisition-related costs are expensed when incurred and are included in general and administrative, restructuring, integration and other in the accompanying condensed consolidated statements of income.

The preliminary purchase price allocation is as follows:

(in thousands)	Ingenuity Systems acquisition
Purchase Price:	
Cash consideration	$107,001
	$107,001
Preliminary Allocation:	
Cash and cash equivalents	$4,449
Accounts receivable	2,018
Prepaid and other current assets	1,712
Current deferred tax asset	2,518
Accounts payable	(2,662)
Accruals and other current liabilities	(14,438)
Fixed and other long-term assets	2,648
Long-term deferred tax asset	10,269
Developed technology, licenses and know-how	37,903
Tradenames	3,359
In-process research and development	2,069
Customer relationships	1,023
Goodwill	75,552
Deferred tax liability on fair value of identifiable intangible assets acquired	(19,015)
Liabilities assumed	(404)
	$107,001

The weighted-average amortization period for the intangible assets is 14.1 years. The goodwill acquired is not deductible for tax purposes.

Since the acquisition date, the results of Ingenuity have been included in our consolidated results through June 30, 2013. Net sales totaled $2.9 million and net loss attributable to the owners of QIAGEN N.V. was $1.4 million for the three- and six-month periods ended June 30, 2013. Acquisition-related costs for Ingenuity for the six-month period ended June 30, 2013 amounted to $0.5 million.

2011 Acquisition

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During 2011, we acquired a majority shareholding in Ipsogen S.A., a publicly listed company founded in 1999 and based in Marseille, France, that is a global leader in molecular profiling and personalized healthcare diagnostics for a broad range of applications in the field of hematology. During 2013, we acquired additional Ipsogen S.A. shares for a total of $0.5 million and held 89.93% of the Ipsogen S.A. shares as of June 30, 2013.

4. Restructuring

Late in 2011, we began a project to enhance productivity by streamlining the organization and freeing up resources for reallocation to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project aims to eliminate organizational layers and overlapping structures, actions that we expect will enhance our processes, speed and productivity. The last group of initiatives included actions to focus R&D 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. A restructuring charge was taken in the second quarter of 2013 as part of this transformational project. The specific restructuring measures and associated estimated costs were based on management's best business judgment under the existing circumstances at the time the estimates were made. If future events require changes to these estimates, such adjustments will be reflected prospectively in the applicable line item in the condensed consolidated statements of income.

In the first half of 2013, we recorded pretax restructuring charges of $50.7 million in general, administrative, restructuring and other. The pretax charges consist of $15.3 million for personnel related costs, $11.8 million of fixed and intangible asset impairments, $2.1 million for contract termination costs, and $21.5 million of other costs including consulting costs. Additionally, we recorded $36.9 million in cost of sales which includes $25.2 million of fixed and intangible asset impairments, $6.7 million for contract termination costs, $3.0 million for the write off of inventory, and $2.0 million for personnel costs. In the first half of 2012, we recorded pretax restructuring charges of $16.9 million in general, administrative, restructuring and other. Since 2011, we have incurred cumulative restructuring costs totaling $203.5 million which include $42.9 million for personnel related costs, $95.6 million of impairments, and $65.0 million of contract, consulting and other related costs. We expect further restructuring charges in the remainder of 2013 to complete this project.

The following table summarizes the components of the restructuring costs. At June 30, 2013 and December 31, 2012, restructuring accruals of $27.2 million and $4.9 million, respectively, were included in accrued and other liabilities in the accompanying condensed consolidated balance sheets.

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Total
Balance at December 31, 2012	$2,321	$2,466	$137	$4,924
Additional costs in 2013	17,285	—	8,680	25,965
Payments	(2,330)	(450)	(205)	(2,985)
Release of excess accrual	(525)	—	(25)	(550)
Foreign currency translation adjustment	57	(163)	(7)	(113)
Balance at June 30, 2013	$16,808	$1,853	$8,580	$27,241

The costs in the above table do not include consulting costs associated with third-party service providers that are assisting with executing the restructuring. We accrue for consulting costs as the services are provided.

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 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 June 30, 2013 and December 31, 2012, we had a total of cost-method investments in non-publicly traded companies with carrying amounts of $15.1 million and $15.5 million, respectively, which are included in other 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 three- and six-month periods ended June 30, 2013, we recorded an impairment of a cost method investment of $3.4 million in other expense, net.

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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, 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.
We also have 100% interests in two entities established for the purpose of issuing convertible debt which are not consolidated. These entities are discussed in Note 9.

6. Intangible Assets
The following table sets forth the intangible assets by major asset class as of June 30, 2013 and December 31, 2012:

(in thousands)	June 30, 2013 Gross Carrying Amount	Accumulated Amortization	December 31, 2012 Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets:				
Patent and license rights	$302,400	$(146,686)	$304,380	$(134,688)
Developed technology	683,931	(292,576)	678,888	(270,575)
Customer base and trademarks	382,755	(140,367)	391,388	(126,743)
	$1,369,086	$(579,629)	$1,374,656	$(532,006)
Unamortized Intangible Assets:				
In-process research and development	$8,769		$11,222	
Goodwill	1,791,789		1,759,898	
	$1,800,558		$1,771,120	

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. During the first half of 2013, a development project was completed and $4.5 million of in-process research and development costs were reclassified into developed technology and $2.1 million was added from the Ingenuity acquisition. The amortization of the remaining in-process research and development is expected to begin later in 2013 as the projects are completed.
The changes in intangibles assets in 2013 are summarized as follows:

(in thousands)	Intangibles	Goodwill
Balance at December 31, 2012	$853,872	$1,759,898
Additions	7,397	—
Acquisition	44,354	75,552
Amortization	(61,802)	—
Impairment losses	(19,696)	—
Foreign currency translation adjustments	(25,899)	(43,661)
Balance at June 30, 2013	$798,226	$1,791,789

In connection with the restructuring discussed more fully in Note 4, impairment charges of $19.7 million related to discontinued projects were recorded as $17.0 million in cost of sales and $2.7 million in general and administrative, restructuring, integration and other costs in the three- and six-month periods ended June 30, 2013. Cash paid for

purchases of intangible assets during the six-months ended June 30, 2013 totaled $15.7 million of which $8.3 million is included in other long-term assets in the accompanying balance sheet.

The changes in the carrying amount of goodwill for the six months ended June 30, 2013 resulted primarily from the acquisition of Ingenuity and changes in foreign currency translation.

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For the three- and six-month periods ended June 30, 2013 amortization expense on intangible assets totaled approximately $32.2 million and $61.8 million compared to $33.7 million and $63.8 million for the three- and six-month periods ended June 30, 2012. Amortization of intangibles for the next five years is expected to be approximately:

Year	Annual Amortization (in thousands)
2014	$128.9
2015	$127.9
2016	$125.0
2017	$115.2
2018	$89.9

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 variable rate debt. 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. We do not offset the fair value of derivative instruments with cash collateral held or received from the same counterparty under a master netting arrangement.

During 2012, we held derivatives that qualified for hedge accounting, were classified as cash-flow hedges and matured late in 2012. For derivative instruments that are designated and qualify as a cash flow hedge, 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. We did not record any hedge ineffectiveness related to any cash-flow hedges in earnings and did not discontinue any cash-flow hedges in 2013 or 2012. The cash flows derived from derivatives, including those that are not designated as hedges, are classified in the operating section of the consolidated statements of cash flows. As of June 30, 2013 we did not have any derivatives that were accounted for as hedging instruments.

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.

In 2012, we were party to cross-currency swaps with a notional amount of $120.0 million which were entered into in connection with the notes payable to Euro Finance (see Note 9) and which qualified as cash-flow hedges until maturity in November 2012.

Undesignated Derivative Instruments

We are party to various foreign exchange forward, option and swap arrangements which had, at June 30, 2013, an aggregate notional value of approximately $519.9 million and fair value of $7.4 million included in prepaid and other assets and $2.7 million included in accrued and other liabilities, respectively, and which expire at various dates through September 2013.

We were party to various foreign exchange forward and swap arrangements which had, at December 31, 2012, an aggregate notional value of approximately $574.5 million and fair values of $0.8 million and $12.9 million which are included in other assets and other liabilities, respectively, and which expired at various dates through April 2013. The transactions were entered into to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements were recognized in other income, net.

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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 June 30, 2013 and December 31, 2012:

	Derivatives in Asset Positions Fair value		Derivatives in Liability Positions Fair value	
(in thousands)	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Undesignated derivative instruments				
Foreign exchange contracts	$7,397	$833	$ (2,673)	$ (12,911)
Total derivative instruments	$7,397	$833	$ (2,673)	$ (12,911)

Gains and Losses on Derivative Instruments

The following tables summarize the locations and gains and losses on derivative instruments for three and six months ended June 30, 2013 and 2012:

Three months ended June 30, 2013 (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
Undesignated derivative instruments				
Foreign exchange contracts	n/a	Other income, net	n/a	$(10,451)

Three months ended June 30, 2012 (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				
Foreign exchange contracts	$7,115	Other income, net	$(6,831)	n/a
Undesignated derivative instruments				
Foreign exchange contracts	n/a	Other income, net	n/a	$4,775

Six months ended June 30, 2013 (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
Undesignated derivative instruments				
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	$6,333

Six months ended June 30, 2012 (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				
Foreign exchange contracts	3,541		(2,978)	n/a

		Other (expense) income, net		
Total	$3,541		$(2,978)	n/a
Undesignated derivative instruments				
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	$(1,028)

The amounts noted in the tables above for accumulated other comprehensive income (AOCI) do not include any adjustments for the impact of deferred income taxes. Gains and losses recognized on foreign exchange contracts are included in other income, net in the condensed consolidated statements of income together with the corresponding, offsetting foreign exchange losses and gains on the underlying transactions.

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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, 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. We value contingent consideration liabilities using Level 3 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 June 30, 2013 and December 31, 2012:

	As of June 30, 2013				As of December 31, 2012			
(in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Short-term investments	$7,979	$65,400	$—	$73,379	$7,989	$82,462	$—	$90,451
Foreign exchange contracts	—	7,397	—	7,397	—	833	—	833
	$7,979	$72,797	$—	$80,776	$7,989	$83,295	$—	$91,284
Liabilities:								
Foreign exchange contracts	$—	$2,673	$—	$2,673	$—	$12,911	$—	$12,911
Contingent consideration	—	—	14,232	14,232	—	—	18,983	18,983
	$—	$2,673	$14,232	$16,905	$—	$12,911	$18,983	$31,894

For liabilities with Level 3 inputs, the following table summarizes the activity for the six months ended June 30, 2013:

(in thousands)	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Contingent Consideration
Beginning Balance at December 31, 2012	$18,983
Additions from changes in estimates	1,385
Payments	(181)

Gain included in earnings	(5,936)
Foreign currency translation adjustments	(19)
Ending balance at June 30, 2013	$14,232

During 2013, a gain for the reduction in the fair value of contingent consideration totaling $5.9 million was included in the condensed consolidated statement of income of which $5.4 million was recognized in cost of sales and $0.5 million was recognized in general and administrative, restructuring, integration and other.

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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 three- and six-month periods ended June 30, 2013 and 2012 for nonfinancial assets or liabilities required to be measured at fair value on a nonrecurring basis other than the impairment of intangible assets and manufacturing equipment that was written-down in connection with restructuring activities as discussed in Note 4 and the impairment of a cost method investment as discussed in Note 5.

9. Debt

Our credit facilities available at June 30, 2013 total €438.0 million (approximately $572.9 million). This includes a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at June 30, 2013 or at December 31, 2012, and four other lines of credit amounting to €38.0 million with no expiration date, none of which were utilized as of June 30, 2013 or as of December 31, 2012. The €400.0 million facility can be utilized in euro, U.K pound or U.S. dollar and bears interest of 0.8% to 2.35% 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 June 30, 2013. The credit facilities are for general corporate purposes.

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 June 30, 2013. Based on an estimation using the changes in the U.S. Treasury rates, the fair value of these senior notes at June 30, 2013 was approximately $381.8 million.

At June 30, 2013, total long-term debt was approximately $846.4 million, $0.7 million of which is current. We believe that funds from operations, existing cash and cash equivalents, and availability of financing facilities as needed, will be sufficient to fund our debt repayments coming due in the next twelve months.

Total long-term debt consists of the following:

(in thousands)	June 30, 2013	December 31, 2012
Notes payable to QIAGEN Euro Finance bearing interest at an effective rate of 3.7% due in May 2026	$300,000	$300,000
Notes payable to QIAGEN Finance bearing interest at an effective rate of 1.8% due in February 2024	145,000	145,000
3.19% Series A Senior Notes due October 16, 2019	73,000	73,000
3.75% Series B Senior Notes due October 16, 2022	300,000	300,000
3.90% Series C Senior Notes due October 16, 2024	27,000	27,000
Other notes payable bearing interest up to 6.28% and due through November 2015	1,356	1,992
Total long-term debt	846,356	846,992
Less current portion	727	948
Long-term portion	$845,629	$846,044

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. The net proceeds of the 2006 Notes were loaned by Euro Finance to consolidated subsidiaries and at June 30, 2013 and December 31, 2012, $300 million is included in long-term debt for the loan amounts payable to Euro Finance. These long-term notes payable to Euro Finance have an effective interest rate of 3.7% and were originally due in December 2014. In 2012, we refinanced the $300 million note with QIAGEN Euro Finance and under the new terms the debt is due in May 2026. Interest is payable semi-annually in May and November. The 2006 Notes were issued at 100% of the principal amount, and are 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. has an agreement with QIAGEN Euro Finance to issue

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shares to the note holders in the event of conversion. This subscription right, along with the related receivable, is recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. The 2006 Notes are callable subject to a provisional call trigger of 130% of the conversion price. In addition, the holders of the 2006 Notes may require QIAGEN to repurchase all or a portion of the outstanding 2006 Notes for 100% of the outstanding principal amount, plus accrued interest, on May 16, 2017 and/or on May 16, 2022. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance, the fair value of the 2006 Notes at June 30, 2013 was approximately $365.3 million. We have reserved 15.0 million common shares for issuance in the event of conversion of the 2006 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 at June 30, 2013 and December 31, 2012, $145 million is included in long-term debt for the loan amounts payable to QIAGEN Finance. The 2004 Notes are due in February 2024. Interest is payable semi-annually in February and August. The 2004 Notes were issued at 100% of principal value, and are 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. has an agreement with QIAGEN Finance to issue shares to the investors in the event of conversion. This subscription right, along with the related receivable, is recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. The 2004 Notes may be redeemed, in whole or in part, at QIAGEN's option at 100% of the principal amount, provided that the actual trading price of our common shares exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the 2004 Notes may require QIAGEN to repurchase all or a portion of the outstanding 2004 Notes for 100% of the principal amount, plus accrued interest, on August 18, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Finance, the fair value of the 2004 Notes at June 30, 2013 was $225.7 million. We have reserved 11.5 million common shares for issuance in the event of conversion of the 2004 Notes.

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 (loss) 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 (loss) 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 June 30, 2013 and 2012, the effective tax rates were (10.9)% and 14.6%, respectively. In the six-month periods ended June 30, 2013 and 2012, the effective tax rates were (32.6)% and 14.3%. Our negative rates in 2013 are primarily the result of restructuring charges and impairments which are attributable to higher taxed jurisdictions.

We assess uncertain tax positions in accordance with ASC 740 (ASC 740-10 Accounting for Uncertainties in Tax). At June 30, 2013, our net unrecognized tax benefits totaled approximately $10.3 million which, if recognized, would favorably impact our effective tax rate in the periods in which they are recognized. It is possible that approximately $0.3 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.

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 2008.

As of June 30, 2013, 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 June 30, 2013 and December 31, 2012:

(in thousands)	June 30, 2013	December 31, 2012
Raw materials	$25,056	$29,755
Work in process	29,148	34,231
Finished goods	78,442	71,307
Total inventories	$132,646	$135,293

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12. Accumulated Other Comprehensive Income (Loss)

The following table is a summary of the components of accumulated other comprehensive income as of June 30, 2013 and December 31, 2012:

(in thousands)	June 30, 2013	December 31, 2012
Net unrealized gain on pension, net of tax	$(483)	$(483)
Foreign currency effects from intercompany long-term investment transactions, net of tax of $6.2 million and $4.4 million in 2013 and 2012, respectively	11,022	5,954
Foreign currency translation adjustments	(40,474)	38,520
Accumulated other comprehensive (loss) income	$(29,935)	$43,991

13. Share Repurchase Program

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). In 2013, 3.1 million QIAGEN shares were repurchased for $63.3 million. 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 an aggregate cost of $99.0 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 and employee share-based remuneration plans.

In July 2013, we announced our intention to exercise the authorization granted by the Annual General Meeting of Shareholders on June 26, 2013, to purchase up to $100 million of our common shares (excluding transaction costs). Based on the closing price on July 29, 2013, this represents approximately 5.0 million common shares. Details of the repurchase program will be announced before its actual commencement in line with Article 4, Section (2) of EC regulation 2273/2003 (so called Safe Harbor). Repurchased shares will be held in treasury in order to satisfy obligations for exchangeable debt instruments and employee share-based remuneration plans.

14. Earnings per Common Share

We present basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net (loss) 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. Due to the net loss for the three- and six-month periods ended June 30, 2013, stock options and restricted stock units representing approximately 2.3 million and 2.9 million weighted-average shares of common stock, respectively, and warrants representing 4.0 million and 4.4 million shares of common stock were excluded from the computation of diluted net loss because the impact would have been antidilutive.

The following schedule summarizes the information used to compute (loss) earnings per common share:

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(in thousands, except per share data)	Three months ended June 30, 2013	2012
Net (loss) income attributable to the owners of QIAGEN N.V.	$(51,761)	$33,333
Weighted average number of common shares used to compute basic net income per common share	234,074	235,679
Dilutive effect of warrants	—	2,561
Dilutive effect of stock options and restricted stock units	—	1,991
Weighted average number of common shares used to compute diluted net income per common share	234,074	240,231
Outstanding options and awards having no dilutive effect, not included in above calculation	2,587	3,317
Outstanding warrants having no dilutive effect, not included in above calculation	22,428	23,906
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.22)	$0.14
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.22)	$0.14

(in thousands, except per share data)	Six months ended June 30, 2013	2012
Net (loss) income attributable to the owners of QIAGEN N.V.	$(31,778)	$61,924
Weighted average number of common shares used to compute basic net income per common share	233,699	235,302
Dilutive effect of warrants	—	2,293
Dilutive effect of stock options and restricted stock units	—	1,963
Weighted average number of common shares used to compute diluted net income per common share	233,699	239,558
Outstanding options and awards having no dilutive effect, not included in above calculation	2,044	3,907
Outstanding warrants having no dilutive effect, not included in above calculation	22,100	24,174
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.14)	$0.26
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.	$(0.14)	$0.26

15. 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 $129.0 million based on the achievement of certain revenue and operating results milestones as follows: $14.2 million in the remainder of 2013, $23.4 million in 2014, $16.2 million in 2015, $17.5 million in

2016, $7.0 million in 2017, and $50.7 million payable in any 12-month period from now until 2017 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the $129.0 million total contingent obligation, we have assessed the fair value at June 30, 2013 to be $14.2 million, where $9.5 million and $4.7 million are included in accrued and other liabilities and other long-term liabilities, respectively, as of June 30, 2013.

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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 can be claimed by QIAGEN are recorded as an asset in prepaid and other expenses and amount to $2.5 million as of June 30, 2013 ($7.5 million as of December 31, 2012). In addition, we have recorded $0.1 million for preacquisition contingencies as a liability under accrued and other liabilities as of June 30, 2013 ($5.5 million as of December 31, 2012).

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 $4.3 million and $4.4 million as of June 30, 2013 and December 31, 2012, 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 June 30, 2013, 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.

16. Share-Based Compensation

Stock Options

During the three- and six-month periods ended June 30, 2013, we granted options to purchase 0.3 million and 0.5 million common shares, respectively, compared to 0.2 million and 0.5 million common shares for the three- and six-month periods ended June 30, 2012, respectively.

The unrecognized share-based compensation expense related to employee stock option awards, less estimated forfeitures, was approximately $4.6 million, as of June 30, 2013 which will be recognized over a period of 2.05 years.

Stock Awards

Stock-based awards consist of restricted stock units, which have time-based vesting, and performance stock units which have a performance hurdle in addition to the time vesting. During the three- and six-month periods ended June 30, 2013, we granted 1.0 million and 2.3 million stock awards, respectively, compared to 1.1 million and 2.4 million stock awards for the three- and six-month periods ended June 30, 2012, respectively.

At June 30, 2013, there was $98.7 million remaining in unrecognized compensation expense, less estimated forfeitures, related to these awards which will be recognized over a period of 2.89 years.

Share-Based Compensation Expense

Total share-based compensation expense for the three- and six-month periods ended June 30, 2013 and 2012 is comprised of the following:

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	Three months ended June 30,	
Compensation Expense (in thousands)	2013	2012
Cost of sales	$858	$767
Research and development	1,282	1,252
Sales and marketing	2,206	1,744
General and administrative, restructuring, integration and other	5,515	3,657
Share-based compensation expense before taxes	9,861	7,420
Less: income tax benefit	1,789	1,703
Net share-based compensation expense	$8,072	$5,717

	Six months ended June 30,	
Compensation Expense (in thousands)	2013	2012
Cost of sales	$1,705	$1,213
Research and development	2,829	2,137
Sales and marketing	4,882	3,083
General and administrative, restructuring, integration and other	9,041	6,194
Share-based compensation expense before taxes	18,457	12,627
Less: income tax benefit	3,789	2,856
Net share-based compensation expense	$14,668	$9,771

During the three- and six-month periods ended June 30, 2013, we recognized expense of $1.4 million in connection with retirement provisions for Supervisory Board members. No compensation cost was capitalized in inventory at June 30, 2013 or December 31, 2012 as the amounts were not material.

17. 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 have a 100% interest in QIAGEN Finance (Luxembourg) S.A. (QIAGEN Finance) and QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance), which were established for the purpose of issuing convertible debt. As discussed in Note 9, QIAGEN Finance and Euro Finance are variable interest entities with no primary beneficiary, thus they are not consolidated. Accordingly, the convertible debt is not included in the consolidated statements of QIAGEN N.V., though QIAGEN N.V. does report the full obligation of the debt through its liabilities to QIAGEN Finance and Euro Finance. As of June 30, 2013 and December 31, 2012, we had loans payable to QIAGEN Finance of $145.0 million, accrued interest due to QIAGEN Finance of $4.3 million and $4.4 million, respectively and amounts receivable from QIAGEN Finance of $3.3 million and $3.4 million. As of June 30, 2013 and December 31, 2012, we had a loan payable to Euro Finance of $300.0 million, accrued interest due to Euro Finance of $2.6 million and amounts receivable from Euro Finance of $1.3 million. The amounts receivable are related to subscription rights which are recorded net in the equity of QIAGEN N.V. as paid-in capital.

In June 2013, we collected $1.6 million from a loan receivable due from a company in which we also hold an interest. During 2012, we entered into a development and license agreement with a company in which we also hold an interest. Under the terms of this agreement we will pay a total of $7.7 million in 2013 and another $2.0 million in total based on the achievement of certain milestones.

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.

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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, 2012.

Results of Operations

Overview

We are the world's leading provider of innovative Sample & Assay Technologies, based on independent market studies of United States and European market shares for our products and technologies. Our automated systems and consumable products empower customers to transform raw biological samples into valuable molecular information. Sample technologies are used to isolate DNA, RNA and proteins from any biological sample, such as blood or tissue. Assay technologies are then used to amplify, enrich and provide results for analysis of biomolecules, such as the DNA of a virus or a mutation of a gene.

We sell our products, sample and assay kits known as consumables and automated instrumentation systems using those technologies, to four major customer classes:

- Molecular Diagnostics-healthcare providers supporting 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-drug discovery and development efforts of pharmaceutical and biotechnology companies
- 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 June 30, 2013, we employed approximately 4,050 people in more than 35 locations worldwide.

We are moving ahead, amid challenging market conditions, to accelerate the pace of innovation and growth in 2013. Building on the progress of strategic initiatives to leverage QIAGEN's leadership in Sample & Assay Technologies across all customer classes, goals for 2013 focus on continuing to drive platform success, add test content for use in all customer classes and broaden QIAGEN's geographic presence. Additional goals are to deliver efficiency and effectiveness through resource allocation, improve QIAGEN's position as an employer of choice and enhance customer experience.

Among recent developments in 2013:

- Personalized Healthcare: We continue to advance our global leadership in companion diagnostics. In July the U.S. Food and Drug Administration (FDA) approved the therascreen EGFR RGQ PCR Kit as a companion diagnostic to guide the use of the new targeted therapy Gilotrif® (afatinib) from Boehringer Ingelheim that also received FDA approval for use in metastatic non-small cell lung cancer (NSCLC) patients. This follows the 2012 launch of the therascreen KRAS RGQ PCR Kit paired for use with Erbitux® (cetuximab) from Eli Lilly and Bristol-Myers Squibb for metastatic colorectal cancer patients. Also in May, the new QIAGEN (Suzhou) Translational Medicine Center opened on China's BioBAY campus, aiming to accelerate the development of new biomarkers for companion diagnostics. We have also expanded our portfolio of co-development projects in 2013 with confidential agreements that include partnership extensions as well as projects with new pharmaceutical companies.
- Next-generation sequencing (NGS): We are moving ahead as planned on a strategic initiative to create an innovative sample-to-result workflow incorporating the GeneReader™ benchtop NGS sequencer designed to drive routine use of next-

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generation sequencing in clinical research and diagnostics. We have placed the system with select customers for early testing and are preparing for the phase rollout of this complete workflow beginning later this year. We continue to expand our NGS portfolio of GeneRead™ DNAseq gene panels, integrating these products with the recently acquired Ingenuity portfolio of biological data interpretation solutions. The current portfolio of nine gene panels for use in cancer is aligned with interpretation based on Ingenuity Variant Analysis™ and is being expanded to 20 gene panels for use in cancer and other disease areas. We also recently launched a full range of universal sample and library preparation products for NGS.

- Leadership in biological data interpretation: Initiatives are under way to integrate Ingenuity Systems, Inc., the leading provider of solutions to quickly and accurately analyze and interpret biological data, into QIAGEN's global commercial network following the acquisition in April 2013. New technologies such as next-generation sequencing (NGS) are generating growing volumes of complex data, and Ingenuity's solutions address the need to quickly turn raw data into actionable information that is scientifically and clinically relevant. Ingenuity announced in June that more than 2,500 users representing over 1,000 leading institutions so far have adopted Ingenuity Variant Analysis™, a market-leading solution for the interpretation of NGS data based on the Ingenuity Knowledge Base, which provides researchers access to a vast, expertly curated system of biomedical information. Interpretation of raw biological data is considered one of the most significant challenges in NGS applications, and for which QIAGEN's Ingenuity portfolio provides powerful solutions to address this bottleneck.
- Access to exosomes for NGS and real-time PCR workflows: We have entered a partnership with Exosome Diagnostics Inc. to develop and commercialize high-performance sample preparation kits to enable analysis of key gene mutations and gene expression levels based on biofluids such as blood, urine and cerebrospinal fluid. The combination of Exosome's technology with components of QIAGEN's consumables and automation platforms will offer researchers, drug developers and physicians the potential to take repeated, accurate genetic "snapshots" of diseases from a patient's biofluids without need for tissue biopsies. Standardized, easy-to-use exosome workflows will offer superior testing solutions spanning basic research and personalized healthcare based on real-time PCR, pyrosequencing and NGS workflows. The first product launches from this collaboration are planned for 2014.
- QIAsymphony: We are well on track to surpass 1,000 cumulative placements during 2013 for the QIAsymphony automation platform, the industry's first modular sample-to-result system that runs commercial assays as well as laboratory-developed tests. U.S. launch of the therascreen EGFR test adds to the growing menu of FDA-approved diagnostics running on the Rotor-Gene Q MDx, a real-time PCR platform within the QIAsymphony family. Building on the more than 750 placements at the end of 2012, demand remains strong for QIAsymphony among customers in both Molecular Diagnostics and the Life Sciences.
- HPV testing market trends: We maintain a solid leadership position in the U.S. market segment for cervical cancer screening with its digene HC2 Test, which ranks as the “gold standard” FDA-approved molecular test for HPV screening based on clinical data, annual sales and testing volumes. In June, we announced that a U.S. reference laboratory customer for this test had made public a new non-exclusive agreement to consolidate the purchase of products for a range of women's health diagnostics, including HPV tests, with a competing supplier, but that this customer will continue to offer the digene HC2 Test to its customers. We expect that sales related to this customer development represent less than 2% of anticipated total net sales for 2014, and also expect that sales of these HPV screening products will represent less than 10% of total net sales for the year. We continue to engage with other U.S. customers to reach new multi-year agreements for the digene HC2 Test in light of the price-driven pressure following the entry of new competitors.
- Growing efficiently and effectively: We announced the completion of a major project to improve efficiency and effectiveness throughout the Company, streamlining the organization and freeing up resources for reallocation to strategic initiatives. The last group of initiatives included actions to focus R&D 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. A restructuring charge was taken in the second quarter of 2013 as part of completing this transformational project. We expect further restructuring charges in the remainder of 2013 to complete this project.

Recent Acquisitions

We have made a number of strategic acquisitions, expanding our technology and product offerings as well as extending our geographic presence. These transactions include:

- On April 29, 2013, we acquired Ingenuity Systems, Inc., the leading provider of software solutions that efficiently and accurately analyze and interpret the biological meaning of genomic data. Ingenuity, a privately-held U.S. company based in California's Silicon Valley, created a market leading, expertly curated knowledge system of biomedical information and analysis solutions for the exploration, interpretation and analysis of complex biological systems. New technologies such as next-generation sequencing (NGS) are now generating more data in a single year than was created in all prior history, making the analysis and interpretation of this extensive and very complex biological data a critical success factor.

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- In June 2012, we unveiled an initiative to enter the NGS market, including our early 2012 acquisition of Intelligent Bio-Systems, Inc., which added important expertise and innovative technologies in this emerging field. Our NGS initiative aims to expand next-generation sequencing technologies from the current focus on life science research into routine use in clinical research and molecular diagnostics. The expected sample-to-result workflows will incorporate a next-generation benchtop sequencer, our QIAcube and QIAsymphony automation platforms, leading sample preparation solutions, specialized gene panels and GeneGlobe (www.geneglobe.com) portfolio of more than 60,000 well-defined and characterized molecular assays. New bioinformatics, including NGS solutions from a new collaboration with SAP AG, will handle clinical data produced in next-generation sequencing. Our new NGS platform is expected to be phased into the market in 2013.

- In May 2012, we acquired AmniSure International LLC, including the AmniSure® assay for determining whether a pregnant woman is suffering rupture of fetal membranes (ROM), a widespread cause of premature delivery and neonatal complications. This product, which is approved in the U.S. and many other markets, is expected to be catalytic for our Point of Need portfolio.

Our financial results include the contributions of our recent acquisitions from the date of acquisition, as well as costs related to the acquisitions and integrations of the acquired companies, such as the relocation and closure of certain facilities.

We determined that we operate as one business segment in accordance with ASC Topic 280, Segment Reporting. Our chief operating decision maker (CODM) makes decisions on business operations and resource allocation based on evaluations of the QIAGEN Group as a whole. With revenues derived from our entire product and service offerings, it is not practicable to provide a detail of revenues for each group of similar products and services or for each customer group, as full discrete financial information is not available. However, we do provide certain revenue information by customer class to allow better insight into our operations. This information is estimated using certain assumptions to allocate revenue among the customer classes.

Three- and Six- Month Periods Ended June 30, 2013 compared to Three- and Six-Month Periods Ended June 30, 2012

Net Sales

In the second quarter of 2013, net sales increased by 3% to $315.2 million, from $307.2 million in the second quarter of 2012, on growth in all regions as well as in Molecular Diagnostics, Pharma and Academia. The ongoing product portfolio generated approximately 1% growth, while Ingenuity (acquired on April 30, 2013) and AmniSure (acquired on May 3, 2012) provided approximately two percentage points of additional growth. Currency movements had no significant impact on reported sales in the second quarter of 2013.

Net sales advanced 3% in the six-month period ended June 30, 2013 compared to the same period of 2012, on growth in all regions, particularly in the Europe/ Middle East/ Africa region, while Molecular Diagnostics more than compensated for largely unchanged sales in the other customer classes. The ongoing product portfolio provided approximately 1% of growth, while Ingenuity and AmniSure provided approximately two percentage points of additional growth. Currency movements had no significant impact on reported sales growth in the six-month period ended June 30, 2013.

Geographic regions: In the second quarter of 2013, all regions advanced at single-digit rates. The Asia-Pacific / Japan region (+4%, 19% of sales) grew on double-digit gains in China, India and Singapore. The Europe / Middle East / Africa region (+3%, 32% of sales) rose on improving results in Turkey, the Nordic region and the United Kingdom. The Americas (+2%, 48% of sales) was led by Brazil and Mexico, while U.S. was stable as lower sales of products used for HPV (human papillomavirus) screening were offset by growth in the rest of the product portfolio. Sales in our top seven emerging markets (China, Brazil, Turkey, Korea, India, Russia and Mexico) rose 13% and represented 14% of total sales.

Product categories: Consumables and related revenues (+4%, 87% of sales) rose across all customer classes, led by Applied Testing and Molecular Diagnostics. Contributions from Ingenuity recorded in this product category also supported underlying sales growth in Academia and Pharma. Instruments (-8%, 13% of sales) were lower as a result of the ongoing transition among Molecular Diagnostics customers to reagent rental agreements for QIAsymphony

automation system placements, where revenues are recognized over a multi-year period, and also due to lower capital spending in Pharma, Applied Testing and Academia. Pharma delivered the strongest growth, while Academia sales were unchanged compared to the year-ago period. Instrument sales were significantly lower in Applied Testing against very strong results in the second quarter of 2012. For the first six months of 2013, consumables and related revenues represented 88% of net sales and grew 4% compared to the same period in 2012. For the first six months of 2013, instrument sales declined 6% compared to the same period in 2012 and represented 12% of net sales.
Customer classes: Molecular Diagnostics, which contributed approximately 49% of net sales and 5% growth in the second quarter of 2013 compared to the second quarter of 2012, advanced as improvement in sales of consumables more than offset a high-single-digit drop in instrument sales, which fell mainly due to emphasis on QIAsymphony under multi-year reagent rental agreements. In Prevention, the QuantiFERON-TB test for detection of latent tuberculosis (TB) again delivered more than 20% growth on

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successful market penetration initiatives, particularly in the U.S. and the Asia-Pacific region. Sales of products for HPV testing (-17%, 14% of sales) declined in the second quarter of 2013, with sales continuing to decline in the U.S. due to implementation of multi-year customer agreements, in light of new competitor pricing actions but rising in the Asia-Pacific / Japan region. In Profiling, consumables sales rose at a robust double-digit pace, supported by QIAsymphony placements. Personalized Healthcare sales were slightly higher as double-digit growth in companion diagnostic assays was partially offset by lower revenues from co-development projects compared to the same period in 2012. In Point of Need, the AmniSure assay continued to benefit from integration into QIAGEN's global commercial network following the May 2012 acquisition. In the first half of 2013, Molecular Diagnostics rose 7% compared to the same period in 2012 and represented 50% of sales, and advanced18% excluding the global HPV franchise.

In Applied Testing, which contributed approximately 8% of net sales, faced a tough comparison against 21% sales growth in the year-ago quarter, which included contributions from the 2012 launch of the QIAsymphony automation platform's application package for this customer class. In the second quarter of 2013, consumables grew at a double-digit rate based on the ongoing business expansion in human identification / forensics, veterinary medicine and food safety, but this was more than offset by significantly lower instrument sales. In the first half of 2013, Applied Testing sales were unchanged compared to the same period in 2012 and represented 8% of sales.

In Pharma, which represented approximately 20% of net sales, we experienced 4% growth in the second quarter of 2013, and grew across all regions, led by double-digit growth in instruments, as well as higher consumables sales despite the ongoing adverse impact of restructuring activities and site consolidations among some customers. Also supporting the underlying sales growth were first-time contributions from Ingenuity. In the first half of 2013, Pharma sales were unchanged compared to the same period in 2012 and represented 19% of sales.

In Academia, which contributed approximately 23% of net sales in the second quarter of 2013. Global sales were higher in the second quarter of 2013 as weak results in the U.S. and some areas of Europe were more than offset by growth in Latin America, China and other markets worldwide. Underlying sales gains in consumables were supported by first-time contributions from Ingenuity, while instrument sales were largely unchanged compared to the second quarter of 2012. We continue to see very cautious buying patterns among customers in the U.S., primarily due to concerns about the U.S. government sequestration that took effect in March 2013 as well as in certain areas of Europe facing constrained budgets. In the first half of 2013, Academia sales declined by 4% compared to the same period in 2012 and represented 23% of sales.

Gross Profit

Gross profit was $168.9 million (54% of net sales) for the three-month period ended June 30, 2013, as compared to $203.0 million (66% of net sales) in the same period in 2012. Gross profit for the six-month period ended June 30, 2013 was $368.9 million (60% of net sales) as compared to $392.3 million (65% of net sales) for the same period in 2012. Generally, our consumable sample and assay 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. Additionally in 2013 in connection with our restructuring efforts we recorded $36.9 million in cost of sales which includes $25.2 million of impairments, $6.7 million for contract termination costs, $3.0 million for the write off of inventory, and $2.0 million for personnel costs. Further, 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 second quarter of 2013, the amortization expense on acquisition-related intangibles within cost of sales decreased to $19.7 million compared to $20.8 million in the 2012 period and for the six-month period ended June 30, 2013 decreased to $37.7 million compared to $40.0 million in the same period of 2012. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

Research and Development

Research and development expenses increased by 10% to $33.6 million (11% of net sales) in the second quarter of 2013, compared to $30.6 million (10% of net sales) in the same period of 2012. For the six-month period ended June 30, 2013, research and development expenses increased by 15% to $67.9 million (11% of net sales), compared to $59.3 million (10% of net sales) for the same period in 2012. The increase in research and development expense in

2013 primarily reflects the May 2013 acquisition of Ingenuity. Our business combinations, along with the acquisition of new technologies, may continue 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 efforts. 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 increased by 7% to $91.3 million (29% of net sales) in the second quarter of 2013 from $85.3 million (28% of net sales) in the same period of 2012. Sales and marketing expenses increased by 8% to $180.9 million (29% of net sales) for the six-month period ended June 30, 2013, from $167.6 million (28% of net sales) for the same period in 2012. Sales and

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marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses and other promotional expenses. Starting January 1, 2013, the United States began imposing a 2.3% excise tax on the sale, including leases, of any "taxable medical device," that is any FDA-regulated device intended for human use, under the U.S. healthcare reform laws enacted in 2010. The excise tax is included in sales and marketing expense. In addition, the sales and marketing expenses include the costs of maintaining separate sales organizations addressing customers in Molecular Diagnostics, Applied Testing, Pharma and Academia. We anticipate that sales and marketing costs will continue to increase along with new product introductions and growth in sales of our products, but we expect sales and marketing costs will grow at a slower rate than our overall revenue growth over the long term.

General and Administrative, Restructuring, Integration and Other Costs

General and administrative, business integration, restructuring and related costs were $69.1 million (22% of net sales) in the second quarter of 2013 as compared to $32.0 million (10% of net sales) in the second quarter of 2012. During the six-month period ended June 30, 2013, we recorded general and administrative, business integration, restructuring and related costs of $108.1 million (17% of net sales), compared to $65.9 million (11% of net sales) for the same period 2012. The net increase includes $50.7 million in restructuring costs in 2013 related to internal restructuring of subsidiaries, including severance and retention costs, plus increased costs in connection with our acquisitions, partially offset by operational efficiencies. This includes fixed and intangible asset impairment charges of $11.8 million. The restructuring costs primarily relate to a project we began in late 2011 to enhance productivity by streamlining the organization and freeing up resources for reallocation to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project eliminated organizational layers and overlapping structures, actions that will enhance our processes, speed and productivity. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. As we further integrate the acquired companies and pursue other opportunities to gain efficiencies, we expect to continue to incur additional business integration and restructuring costs in 2013. Over time, we believe the integration and restructuring 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 June 30, 2013, the amortization expense on acquisition-related intangibles within operating expense decreased to $9.0 million compared to $9.7 million the same period of 2012. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

During the six-month period ended June 30, 2013, we recorded amortization expense on acquisition-related intangibles within operating expense of $17.1 million, compared to $17.7 million for the same period in 2012.

Other Income (Expense)

Total other expense was $12.5 million and $18.8 million in the three- and six-month periods ended June 30, 2013, respectively, compared to $6.0 million and $9.3 million in the same periods of 2012, respectively. Total other expense is primarily the result of interest expense partially offset by interest income and gains on foreign currency transactions. Additionally, during the second quarter of 2013 we recorded in other expense the full impairment of $3.4 million of an investment in a privately held company.

Interest expense increased to $7.8 million and $15.5 million in the three- and six-month periods ended June 30, 2013, respectively, compared to $5.1 million and $10.2 million for the same periods of 2012, respectively. Interest costs primarily relate to debt, discussed in Note 9 in the accompanying notes to the condensed consolidated financial statements. Interest expense increased primarily as a result of the $400.0 million of new senior unsecured notes issued in October 2012.

For the three-months period ended June 30, 2013, interest income decreased to $0.4 million as compared to $0.6 million in the same period of 2012. For the six-month ended June 30, 2013, interest income increased to $1.3 million

from $1.2 million in the same period 2012. The increase in interest income primarily reflects the changes in our cash and short-term investments and the changing interest rates thereon.

For the three- and six-month periods ended June 30, 2013, losses on foreign currency transactions totaled $1.4 million and $0.9 million as compared to losses of $1.7 million and $3.1 million in the same period 2012. These losses are due to foreign currency fluctuations.

Provision for Income Taxes

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In the second quarters of 2013 and 2012, our effective tax rates were (10.9)% and 14.6%, respectively. For the six-month periods ended June 30, 2013 and 2012, our effective tax rates were (32.6)% and 14.3%, 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 (loss) income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. However, our negative rates in 2013 are primarily the result of restructuring charges and impairments which are attributable to higher taxed jurisdictions.

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 June 30, 2013 and December 31, 2012, we had cash and cash equivalents of $299.8 million and $394.0 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 June 30, 2013, cash and cash equivalents had decreased by $94.2 million from December 31, 2012, primarily due to cash used in investing activities of $138.0 million and financing activities of $44.9 million partially offset by cash provided by operating activities of $93.8 million. As of June 30, 2013 and December 31, 2012, we had working capital of $604.9 million and $725.8 million, respectively.

Operating Activities. For the six months ended June 30, 2013 and 2012, we generated net cash from operating activities of $93.8 million and $100.0 million, respectively. While there was a net loss of $31.7 million in the six months ended June 30, 2013, non-cash components in income included $94.7 million of depreciation and amortization and $42.8 million of impairments. Operating cash flows include a net decrease in working capital of $18.4 million, primarily due to payments made in connection with restructuring activities. 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 $138.0 million of cash was used in investing activities during the six months ended June 30, 2013, compared to $185.0 million for the same period in 2012. Investing activities during the six months ended June 30, 2013 consisted principally of cash paid for acquisitions, net of cash acquired, of $102.4 million which was for the purchase of Ingenuity. Further, $33.7 million was paid for purchases of property and equipment, primarily in our ongoing construction projects in the U.S., as well as $15.7 million paid for intangible assets.

In 2009 and 2010, we started the expansion of our Hilden, Germany, and Germantown, Maryland, USA facilities, respectively. While the construction in Germany is complete, the U.S. expansion projects are expected to continue into 2014, with both projects being completed at an estimated total cost of approximately $94.0 million, of which $91.1 million was incurred as of June 30, 2013. We anticipate that we will be able to fund such 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 $129.0 million based on the achievement of certain revenue and operating results milestones as follows: $14.2 million in 2013, $23.4 million in 2014, $16.2 million in 2015, $17.5 million in 2016, $7.0 million in 2017, and $50.7 million payable in any 12-month period from now until 2017 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the $129.0 million total contingent obligation we have assessed the fair value at June 30, 2013 to be $14.2 million, where $9.5 million and $4.7 million are included in accrued and other liabilities and other long-term liabilities, respectively, as of June 30, 2013.

Financing Activities. Financing activities used $44.9 million of cash for the six months ended June 30, 2013, compared to cash provided by financing activities of $78.0 million for the six months ended June 30, 2012. Cash used during the six months ended June 30, 2013 was primarily for the purchase of treasury shares of $63.3 million partially offset by $18.1 million for the issuance of common shares in connection with our stock plan.

In December 31, 2011, we entered into a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at June 30, 2013. The €400.0 million facility can be utilized in euro, U.K pound or U.S. dollar and bears interest of 0.8% to 2.35% 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 €38.0 million at variable interest rates, of which no amounts were utilized as of June 30, 2013. We also have capital lease obligations, including interest, in the aggregate amount of $17.8 million, and carry $846.4 million of long-term debt, of which $0.7 million is current as of June 30, 2013.

We have notes payable, which are 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), and of $300.0 million 3.25% senior convertible notes (2006 Notes) due in 2026 through QIAGEN Euro Finance. QIAGEN Finance and Euro Finance are unconsolidated subsidiaries, which were established for this purpose. The 2004 Notes are convertible into our common shares at a conversion price of $12.6449, subject to adjustment, and the 2006 Notes are convertible into our common shares at a conversion price of $20.00, subject to adjustment. In connection with conversion of $5.0 million of the 2004 Notes, we repaid $5.0 million of the debt to QIAGEN Finance. At June 30, 2013, $145.0 million and $300.0 million are included in long-term debt for the amount of the notes payable to QIAGEN Finance and Euro Finance, respectively. The $145.0 million note payable has an effective rate of 1.8%, and had

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an original maturity in July 2011. We refinanced the $145.0 million note, which has a new maturity date of February 2024. The $300.0 million note payable has an effective rate of 3.7% and was originally due in December 2014. In 2012, we refinanced the $300.0 million note with QIAGEN Euro Finance and under the new terms the debt is due in May 2026. QIAGEN N.V. has guaranteed the 2004 and 2006 Notes and has agreements with QIAGEN Finance and Euro Finance to issue shares to the note holders in the event of conversion. These subscription rights, along with the related receivable, are recorded at fair value in the equity of QIAGEN N.V. as paid-in capital.

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). In 2013, $3.1 million QIAGEN shares were repurchased for approximately $63.3 million. 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.

In July 2013, we announced our intention to exercise the authorization granted by the Annual General Meeting of Shareholders on June 26, 2013, to purchase up to $100 million of our common shares (excluding transaction costs). Based on the closing price on July 29, 2013, this represents approximately 5.0 million common shares. Details of the repurchase program will be announced before its actual commencement in line with Article 4, Section (2) of EC regulation 2273/2003 (so called Safe Harbor). 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, the global economic downturn may have a greater impact on our business than currently expected, and we may experience a decrease in the sales of our products, which could impact our ability to generate cash. The availability of debt financing may be negatively impacted by the global credit crisis. 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 cannot 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, 2012.

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 six-month periods ended June 30, 2013, were $1.4 million and $0.9 million net loss, respectively, compared to $1.7 million and $3.1 million net loss, respectively, in the same periods 2012 and are included in other expense, net.
Derivatives and Hedging

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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. We manage our balance sheet exposure on a group-wide basis using foreign exchange forward and option contracts as well as cross-currency swaps.

We also make use of economic hedges. All derivatives that qualify for hedge accounting have been cash-flow 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, 2012. Actual results in these areas could differ from management’s estimates. There have been no significant changes in our critical accounting policies during 2013.

Off-Balance Sheet Arrangements

Other than our arrangements with QIAGEN Finance and Euro Finance as discussed above and in Notes 9 and 17 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 June 30, 2013 and December 31, 2012.

Contractual Obligations

There were no material changes at June 30, 2013 from the contractual obligations disclosed in Item 5 of our Annual Report on Form 20-F for the year ended December 31, 2012 other than an increase in purchase commitments connection with a new IT outsourcing agreement we entered into in 2013. Under these agreements we could be required to make additional payments up to $10.2 million in 2013, $8.2 million in 2014, $7.8 million in 2015, $7.0

million in 2016, $7.2 million in 2017 and $16.1 million thereafter.

Legal Proceedings

For information on legal proceedings, see Note 15 to the accompanying condensed consolidated financial statements. While no assurances can be given regarding the outcome of the proceedings described in Note 15, 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

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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 2012 Annual Report on Form 20-F for the year ended December 31, 2012. There have been no material changes from the risk factors disclosed in Item 3 of our Form 20-F.
