QIAGEN N.V.
Venlo, The Netherlands

Annual Report 2013

QIAGEN N.V.

TABLE OF CONTENTS

Annual Report 2013

Report of the Supervisory Board

To our Shareholders

The members of the Supervisory Board wish to thank all QIAGEN employees and members of the Executive Committee for the achievements in 2013, a year in which QIAGEN made significant progress on strategic initiatives to accelerate innovation and growth. We would also like to thank our shareholders, customers, business partners and other stakeholders for honoring QIAGEN with your continued collaboration and trust.

We are pleased with the performance of QIAGEN in 2013, as our employees achieved targets for improved sales in all customer classes and geographic regions while completing transformational programs to increase efficiency and effectiveness. Our teams have created a strong focus on five growth drivers that have the potential to transform QIAGEN. Adoption of our QIAsymphony automation platform continues to set new standards, and QIAGEN completed important U.S. regulatory submissions for the full QIAsymphony workflow and is expanding the test menu. We continue to drive global expansion of the QuantiFERON-TB latent tuberculosis test, which is set to exceed $100 million of sales in 2014. We are also seeing strong momentum in our industry-leading Personalized Healthcare portfolio with a significant number of new partnership agreements signed in 2013. In bioinformatics and next-generation sequencing, two emerging growth drivers for QIAGEN, we are moving ahead with initiatives to expand our portfolio of universal products and services particularly our leadership in bioinformatics analysis and interpretation - as well as making progress on developing the sample-to-insight GeneReader NGS benchtop workflow. The Supervisory Board believes QIAGEN is well-positioned to achieve the goals set for 2014 and deliver on our mission of making improvements in life possible.

This Report of the Supervisory Board is a signal of the changes taking place in the Supervisory Board, which are part of a smooth generational transformation that has been taking place in recent years. As previously announced, Prof. Dr. Dr. h.c. Detlev H. Riesner has decided to step down as Chairman of the Supervisory Board at a Supervisory Board meeting to be held on May 5, 2014, and to not stand for re-appointment at the General Meeting of Shareholders in June 2014. The members of the Supervisory Board and the Managing Board wish to express their highest and personal appreciation for the leadership, dedication and commitment of Prof. Riesner, who played a critical role in the creation of QIAGEN with his strategic foresight and determination. Following the retirement of Prof. Riesner, the Supervisory Board plans to elect Dr. Werner Brandt, who has more than 30 years of leadership experience in the healthcare and IT industries and joined the Supervisory Board in 2007, as the new Chairman.

Dr. Brandt, along with the other five members of the Supervisory Board - Mr. Stéphane Bancel, Dr. Metin Colpan, Mr. Lawrence Rosen, Prof. Dr. Manfred Karobath and Elizabeth E. Tallett will stand for re-election to the Supervisory Board for one-year terms at the next Annual General Meeting, which is scheduled for June 25, 2014. Various external candidates are being considered for nomination to the Supervisory Board who offer a broad range of experience, skills and capabilities in science, healthcare and other industries, particularly IT and bioinformatics. The current target profile of the Supervisory Board can be found on QIAGEN's website. The current composition fully complies with this profile.

The composition of the Managing Board, which is comprised of Mr. Peer Schatz, QIAGEN's Chief Executive Officer, and Mr. Roland Sackers, QIAGEN's Chief Financial Officer, did not change in 2013.

In terms of composition of the Supervisory Board and the Managing Board, new Dutch legislation took effect on January 1, 2013, requiring companies to pursue a policy of having at least 30% of the seats on the Managing Board and the Supervisory Board held by men and at least 30% held by women.

QIAGEN has a long-standing commitment to developing a diverse leadership team, including the Managing Board and the Supervisory Board, with a broad range of experience, skills and capabilities. In nominating candidates for these boards, QIAGEN supports the trend toward higher participation of women. QIAGEN is committed to expanding diversity while pursuing individuals for these boards with a unique blend of scientific and commercial expertise and experience that will contribute to the future success of its business. Management development programs support the career advancement of leaders regardless of gender and other factors. As a result, a number of women are in key leadership roles, particularly in commercial and operational positions around the world. In line with this long-standing commitment, the Supervisory Board will take the requirements of the Dutch law into account in the future when proposing members for election or re-election to its Board without compromising QIAGEN's commitment to hiring the best individuals for positions without any discrimination. The current governance structure has led to a reduction in the size of the Managing Board to two members, so achieving a diversity goal as measured solely by a percentage of overall membership is difficult to achieve. At the same time, QIAGEN has significantly increased the diversity of its senior leadership team and will continue to do so in the future.

As empowered by the Dutch Corporate Governance Code, the Supervisory Board devoted considerable time during 2013 to discussing and assessing QIAGEN's corporate strategy, main risks and opportunities, and an annual assessment by the Managing Board of the design and effectiveness of internal risk management and control systems as well as any significant changes in them. In addition, the Supervisory Board discussed and reviewed the functioning of its committees and individual members, its current composition, competence, succession schedule and desired profile in various meetings. The Supervisory Board came to the conclusion that it and the Managing Board were functioning properly.

The Supervisory Board has established an Audit Committee (Mr. Lawrence Rosen has agreed to assume the chairmanship of the Audit Committee from Dr. Werner Brandt after he becomes Chairman of the Supervisory Board), a Compensation Committee (Chairman Prof. Dr. Manfred Karobath) and a Selection and Appointment (Nomination) Committee (Dr. Brandt has agreed to assume the chairmanship of the Selection and Appointment Committee from Prof. Riesner after his resignation from the Board Chair) from among its members and can establish other committees as deemed beneficial. The Supervisory Board has approved charters under which each of the committees operates. These charters are published on our website (www.qiagen.com).

Further detailed information on the composition of the Supervisory Board and its committees, the number of committee meetings held in 2013 and the main topics of discussion, the independence of its members and their remuneration, as well as other information on the Supervisory Board, can be found in the Corporate Governance Report, which is an integral part of this Annual Report.

The Supervisory Board met eight times during 2013 with regular attendance of the members of the Managing Board for certain agenda items. The Supervisory Board also met to review and discuss agenda items in the absence of the Managing Board members, such as to review performance and strategy as well as to discuss compensation matters. We are pleased to report that all members of the Supervisory Board attended every Supervisory Board meeting in 2013, with just one exception involving one member who was excused from the meeting. Information about the Supervisory Board members, including positions held on other boards, is included in the Corporate Governance Report. All members of the Supervisory Board had adequate time available to give sufficient attention to the concerns of the company.

Through its Compensation Committee, the Supervisory Board executed and monitored compliance with the Remuneration Policy approved at the Annual General Meeting held on June 14, 2005. Compensation of Managing Board members consists of a fixed salary and variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses) as well as long-term incentives containing risk elements, such as stock options or share-based compensation, and pension plans. The Remuneration Policy and the various aspects of compensation, including the detailed remuneration of individual Managing Board members, are described in the Remuneration Report, part of this Annual Report and which is also available on QIAGEN's website. Information on QIAGEN's activities was communicated by the Managing Board to the Supervisory Board through regular meetings and business reports.

All members of the Supervisory Board fulfill the independence criteria as defined by the Dutch Corporate Governance Code. QIAGEN N.V. is a company organized under the laws of the Netherlands and has an international network of subsidiaries. The Supervisory Board follows the principle of increasing shareholder value as the members represent the interests of all stakeholders, including shareholders, and has always pursued the highest standards in Corporate Governance.

QIAGEN is committed to a corporate governance structure that best suits its business and stakeholders, and that complies with relevant rules and regulations. Since 1997, QIAGEN has endorsed the recommendations made in the report of the Netherlands Committee on Corporate Governance, which was replaced by the Dutch Corporate Governance Code effective January 1, 2004, and amended and restated effective January 1, 2009. Our policy is to follow the guidelines of Good Practice of Corporate Governance as described in the Dutch Corporate Governance Code, although some minor deviations may result from the impact of factors such as legal requirements imposed on QIAGEN or industry standards.

QIAGEN is also subject to the rules regarding Corporate Governance set by NASDAQ, where its common shares have been listed since 1996. QIAGEN provides detailed disclosure in the Corporate Governance Report regarding compliance with the Dutch Corporate Governance Code.

QIAGEN believes all of its operations are carried out in accordance with legal frameworks, including Dutch Corporate Law, U.S. laws and regulations, and the laws of the German capital market, in particular the Wertpapierhandelsgesetz.

QIAGEN's common shares are registered and traded in the U.S. on the NASDAQ Global Select Market and in Germany on the Frankfurt Stock Exchange in the Prime Standard segment. Shareholders in the U.S. and Europe hold the majority of common shares. Among topics the Supervisory Board discussed during 2013 were strategies for the allocation of capital to enhance returns to shareholders, and a new $100 million share repurchase program that was launched during the year after completion of the first-ever share repurchase program earlier in 2013.

In this Annual Report, the financial statements for 2013 are presented as prepared by the Managing Board, audited by Ernst & Young Accountants (Independent Registered Public Accounting Firm), and examined and approved by the Supervisory Board.

Venlo, the Netherlands, March 2014

Prof. Dr. Dr. h.c. Detlev H. Riesner
Chairman of the Supervisory Board

Dr. Werner Brandt

Management Report

Operations and Business Environment

Company overview

QIAGEN is the world's leading provider of innovative Sample & Assay Technologies, based on market studies of United States and European market shares for our products and technologies. Our automated systems and our consumable products empower customers to transform raw biological samples into valuable molecular insights. Sample technologies are used to isolate DNA (deoxyribonucleic acid), RNA (ribonucleic acid) and proteins from any biological sample, such as blood or tissue as well as plants and other samples that contain biological materials. Assay technologies are then used to amplify, enrich and provide results for analysis, such as the DNA of a virus or a mutation of a gene contained in a cancer cell, and these are supported by a portfolio of industry-leading bioinformatics solutions.

Our mission is to make improvements in life possible by enabling our customers to achieve outstanding success and breakthroughs in four general areas: Molecular Diagnostics, Applied Testing, Pharma and Academia. QIAGEN began operations in 1986 by introducing to the emerging biotechnology sector a novel method that standardized and dramatically accelerated the extraction and purification of nucleic acids-biological molecules such as DNA and RNA that are essential for life as carriers of genetic information. Since the introduction of that first ready-to-use Sample Technology kit, QIAGEN has expanded to become the global leader with a broad offering of Sample & Assay Technologies, including kits, assays, related automated systems and bioinformatics solutions, that cover the entire continuum from basic life sciences research to clinical diagnostics.

QIAGEN has become a trusted partner by enabling customers to obtain exciting insights with products that are considered standards for quality and reliability. It is estimated that more than two billion biological samples have been prepared or analyzed using QIAGEN Sample Technologies in laboratories around the world. Net sales of $1.30 billion in 2013 were composed of consumable kits and other revenues (88% of sales) and automated systems and instruments (12% of sales).

QIAGEN has leveraged its leadership position in Sample & Assay Technologies to build a strong global position in applications of these technologies for use in healthcare as clinical diagnostics, which involves our Molecular Diagnostics customer class and accounts for approximately 50% of net sales in 2013. Commercial applications of molecular technologies are transforming healthcare by providing precise genetic information to guide prevention, profile diseases and personalize treatment strategies. Approximately 50% of total sales are to customers in Academia, Pharma and Applied Testing, which involve the use of these technologies in life sciences research, pharmaceutical new product development and non-healthcare commercial applications such as human identification / forensics, veterinary testing and food safety.

With a focus on innovation, QIAGEN markets more than 500 core products that are distributed in thousands of variations and combinations. Innovative products are continually being introduced to address new market opportunities or extend the life of existing product lines. We have made a number of strategic acquisitions to enhance our technology and product offerings. We have funded our growth through internally generated funds as well as through debt offerings and private and public sales of equity securities. QIAGEN shares are listed on the NASDAQ exchange under the ticker symbol “QGEN” and on the Frankfurt Prime Standard as “QIA.”

The company is registered under its commercial and legal name QIAGEN N.V. with the trade register (*kamer van koophandel*) of the Dutch region Limburg Noord under file number 12036979. QIAGEN N.V. is a public limited liability company (*naamloze vennootschap*) under Dutch law as a holding company. Our principal executive office is located at Spoorstraat 50, 5911 KJ Venlo, The Netherlands, and our telephone number is +31-77-320-8400.

As a holding company, QIAGEN conducts business through subsidiaries located throughout the world. Further information about QIAGEN can be found at *www.qiagen.com*. By referring to our website, we do not incorporate the website or any portion of the website by reference into this Annual Report.

Recent Developments

QIAGEN achieved a number of recent strategic milestones in the development of our business:

- **QIAsymphony breaks through 1,000 placements:** The QIAsymphony platform surpassed 1,000 cumulative placements in 2013, and the menu of test kits available for QIAsymphony continued to expand. QIAsymphony is the industry's first modular sample-to-result system that runs commercial assays as well as laboratory-developed

tests. Demand for the QIAsymphony platform remains strong among customers in Molecular Diagnostics and the Life Sciences, driven by the broadest range of tests available on a platform. Important product launches are expanding the content menu for the QIAsymphony family of instruments, including the 2013 U.S. introduction of the *therascreen* EGFR RGQ PCR Kit as a companion diagnostic in metastatic non-small cell lung cancer (NSCLC) and European introductions of the *artus* CT/NG QS-RGQ Kit for detection of *Chlamydia trachomatis* (CT) and *Neisseria gonorrhoeae* (NG) infections; the RespiFinder RG Panel, a multiplex assay for the detection and differentiation of 21 respiratory pathogens; and the *artus* C. difficile QS-RGQ Kit for detection of *C. difficile*, the first in a series of test kits for healthcare-associated infections. In late 2013, we submitted our entire QIAsymphony RGQ MDx platform for U.S. Food and Drug Administration review, including QIAsymphony SP for sample preparation, QIAsymphony AS for assay setup, and our real-time PCR detection module, Rotor-Gene Q MDx. We have a portfolio of approximately 35 assays in development for the Rotor-Gene Q MDx.

- **Bioinformatics strategy brings leadership in biological analysis and interpretation:** In 2013, we made two strategic acquisitions and began expanding our global leadership position in software solutions for the analysis and interpretation of complex biological data, especially in clinical research and diagnostics. New technologies such as next-generation sequencing (NGS) now generate more data in a single year than was created in all prior history, and the analysis and interpretation of large amounts of data has become a critical challenge to success for many of our customers. We completed two acquisitions in 2013: Ingenuity Systems, Inc., a privately-held U.S. company that has created the market-leading, expertly curated knowledge system and software solutions to efficiently and accurately analyze and interpret the meaning of genomic data; and CLC bio, a privately-held company based in Aarhus, Denmark, that has created the leading commercial data analysis solutions used by many top academic, pharmaceutical and reference laboratory institutions. We provide these industry-leading solutions for use with data generated by any NGS platform, and we are also integrating them into our own products to create complete sample-to-insight workflows and strengthen our emerging offering in next-generation sequencing.
- **NGS initiative moving ahead:** QIAGEN is advancing a strategic initiative to create an industry-leading portfolio of products and services to drive the adoption of next-generation sequencing (NGS) in clinical research and diagnostics. QIAGEN is creating differentiated solutions for workflow challenges. These solutions can accelerate the adoption of NGS in these targeted areas, particularly through improved automation compared to current systems to generate sequencing data as well as through the acceleration of data analysis and interpretation. Key elements include developing and commercializing an innovative sample-to-insight workflow incorporating the GeneReader™ benchtop NGS sequencer with the QIAcube and QIAcube NGS instruments for full automation of pre-analytical steps, and also integrating the market-leading biological data analysis, interpretation and reporting capabilities provided by CLC bio and Ingenuity. Another key element is commercializing “universal” solutions that are compatible with any NGS platform on the market and functional in a wide range of applications. Products launched to date include several pre-analytic kits, including the REPLI-g Single Cell Kit that enables sequencing from single cells and minute amounts of DNA with highly accurate results, and an expanding portfolio of GeneRead™ DNAseq gene panels for enrichment of targeted DNA regions, which are aligned with interpretation based on Ingenuity Variant Analysis. The current portfolio of nine cancer-focused gene panels is being expanded to 20 gene panels for use in cancer and other areas, including inherited diseases and cardiovascular conditions.
- **Personalized Healthcare expands with product launches and new collaborations:** We continue to advance our global leadership in companion diagnostics, which are molecular tests used to gather and analyze genomic information from individual patients to help physicians guide treatment decisions, through new product launches as well as new co-development agreements with leading pharmaceutical companies. In July 2013, the FDA approved the *therascreen* EGFR RGQ PCR Kit to guide the use of the new targeted therapy Gilotrif® (afatinib) from Boehringer Ingelheim, which received FDA approval for use in metastatic non-small cell lung cancer (NSCLC) patients. The EGFR approval follows the 2012 U.S. launch of the *therascreen* KRAS RGQ PCR Kit paired for use with Erbitux® (cetuximab) from Eli Lilly and Company and Bristol-Myers Squibb for metastatic colorectal cancer patients. We also expanded our portfolio of co-development projects with pharmaceutical companies and added to the deep pipeline of promising biomarkers under development for Personalized Healthcare tests in rheumatoid arthritis, lung cancer, colorectal cancer, glioblastoma, lymphoma and other cancers. In October 2013, we entered into a framework agreement with Clovis Oncology to co-develop and co-commercialize a companion diagnostic test to guide the use of CO-1686, which is in clinical development and targets an unmet clinical need in patients with epidermal growth factor receptor (EGFR) driven NSCLC for whom current EGFR-inhibiting drugs no longer control disease. In February 2013, we entered into a master collaboration agreement with Eli Lilly, building on the companies' past work together, providing for future development and commercialization of companion diagnostics paired with Lilly investigational and approved medicines across all therapeutic areas. In November 2013, we announced plans to develop and commercialize a new companion

diagnostic with Lilly which will be paired with a novel but undisclosed Lilly oncology compound. In October 2012, we announced a collaboration with Bayer HealthCare for development and commercialization of companion diagnostics paired with novel Bayer drugs, initially to enhance the treatment of various solid tumors. The assays under development are designed to run on the QIAsymphony family of automated instruments.

- **Exosome collaboration targets challenges in sample collection:** We entered a partnership with Exosome Diagnostics Inc. in 2013 to develop and commercialize high-performance sample preparation kits for the processing of nucleic acids from exosomes in biofluids. The combined Exosome-QIAGEN technologies have the potential to allow researchers, drug developers and doctors to take repeated, real-time genetic "snapshots" of disease from patients' blood, urine or cerebrospinal fluid without the need for tissue biopsies. The exclusive agreement will cover co-development, manufacturing and commercialization of a full product line for the life science and translational medicine markets, subject to successful product performance. The product portfolio is also expected to create the basis for development and commercialization of clinical in vitro diagnostic products for a range of non-invasive personalized healthcare solutions.
- **QIAGEN China launches *care*HPV Test:** In March 2013, we launched the innovative *care*HPV Test in China as the world's first molecular diagnostic designed to screen for high-risk human papillomavirus (HPV) in low-resource clinical settings, including areas lacking electricity, water or laboratories. QIAGEN gained approval for the *care*HPV Test from China's State Food and Drug Administration (SFDA) at the end of 2012. In March 2012, we expanded access to our *digene* HPV Test across China through a co-marketing agreement with KingMed Diagnostics, China's largest independent laboratory network. The *digene* HPV Test was first registered in China in 2000 and is widely available in many of the country's top-tier hospitals and private labs. The KingMed agreement extended access to smaller hospitals, with KingMed functioning as a centralized laboratory.
- **AmniSure assay benefits women's health business:** 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, approved in the U.S. and many other markets, is expected to be catalytic for our Point of Need portfolio and synergistic to our presence in women's health. AmniSure provided an additional source of growth for us as we integrated this Point of Need product into our commercial operations.

Our Products

QIAGEN leverages our leadership in Sample & Assay Technologies across a wide range of applications and customer classes through more than 500 core consumable products (known as “kits”), as well as instrument solutions that automate the use of these products for sample preparation, analysis and interpretation. The terms “Sample” and “Assay” Technologies define two phases of the process of unlocking valuable molecular information from raw biological materials, generally in digital form:

Sample Technologies: We have developed and advanced a broad range of technologies to extract and purify molecules of interest from biological samples such as blood, bone, tissue, etc. QIAGEN technologies ensure that a biological sample is consistently processed in a highly reproducible, standardized method with the highest level of quality before entering subsequent analysis with assay technologies.

Assay Technologies: Building on our leadership in sample technologies, we have developed assays that enable the analysis of various kinds of molecules from virtually any biological sample. Assay technologies make information contained in isolated molecules visible and available for interpretation. Assays are tailor-made to address the specific needs of various research areas and commercial applications. Laboratory-Developed Test (LDT) assays enable the customer to target molecules of interest for detection using reagents in the kit on platforms such as polymerase chain reaction (PCR). Commercially approved assays are preconfigured by us to test for specific targets such as genetic mutations, gene expression levels, influenza, human papillomavirus (HPV), tuberculosis (TB), hepatitis, herpes virus or human immunodeficiency virus (HIV).

These technologies provide two main categories of revenue streams for QIAGEN:

Revenues from consumables and related sales:

Consumable products, typically sample preparation or test kits and related sales, account for approximately 85-90% of our net sales. To maximize customer convenience and reduce user error, these kits contain all necessary reagents and buffers, and a manual including protocols and relevant background information. Each kit is sufficient to support a number of applications, varying from one to more than 1,000 tests.

Major applications for our consumable products are plasmid DNA purification, RNA purification and stabilization; genomic and viral nucleic acid purification; nucleic acid transfection; PCR amplification; reverse transcription; DNA cleanup after PCR and sequencing; DNA cloning and protein purification. Our validated PCR

assays enable detection of viral or bacterial pathogens and parasites in humans and animals, as well as pharmacogenomic testing and genotyping. Our largest-selling single product is the *digene* HC2 HPV Test, regarded as the "gold standard" in testing for high-risk strains of HPV, the primary cause of cervical cancer in women.

Related revenues include sales of bioinformatics solutions, including the Ingenuity and CLC software portfolios following these acquisitions in 2013, as well as royalties, milestone payments from co-development agreements with pharmaceutical companies for companion diagnostics, payments from technology licenses and patent sales. We also have revenue from custom services, such as whole genome amplification services, DNA sequencing, and non-cGMP DNA production on a contract basis.

Automation platforms and instruments:

Our instrumentation systems, which account for approximately 10-15% of net sales, automate the use of Sample & Assay Technologies into efficient solutions for a broad range of laboratory needs. These enable customers to perform reliable and reproducible processes, such as nucleic acid sample preparation, assay setup, target detection as well as complete workflow solutions.

We offer automated platforms for all phases of testing, from sample to result. Among them:

QIAsymphony is an innovative, easy-to-use modular system that is making laboratory workflows more efficient and helping to disseminate standardized, regulator-approved diagnostics. In 2013, the installed base of QIAsymphony systems increased to more than 1,000 instruments worldwide, up from more than 750 at year-end 2012. The platform offers many features of interest to laboratories, such as continuous loading, random access, and the ability to process an almost unlimited range of sample types. QIAsymphony received the Association for Laboratory Automation's New Product Award (NPA) following its introduction in 2008. In late 2010, we launched QIAsymphony RGQ, an integrated system that has started a new era of integrated workflow consolidation and laboratory automation, covering all steps from initial sample processing to final result. QIAsymphony RGQ gives customers access to a broad menu of commercially available assays while also allowing them to run their own PCR-based LDTs, which account for more than half of the volume of tests performed in many molecular diagnostic laboratories.

Rotor-Gene Q is the world's first rotary real-time PCR cycler system, using real-time PCR reactions to make specific sequences of DNA and RNA visible through amplification and quantifiable through real-time measurement. This system enhances our options to offer sample and assay technology solutions spanning from sample to result, and is an integral part of the QIAsymphony RGQ system.

PyroMark is a high-resolution detection platform based upon Pyrosequencing technology that allows for the real-time analysis and quantification of genetic mutations and DNA methylation patterns down to the single base pair level. This enables users to identify even previously unknown mutations or variations in targeted DNA regions. This technology also can be employed in multiplex analysis for genetic and pathogen detection. Pyrosequencing plays a pivotal role in epigenetic research and also can be of great value to diagnostic laboratories running personalized healthcare and profiling assays.

QIAcube is a sample processing instrument incorporating novel and proprietary technologies that allows users to fully automate the use of almost all of our products originally designed for manual processing of samples. The QIAcube received the NPA honor in 2007 and has won various design awards.

QIAxcel is designed to replace traditional slab-gel analysis, eliminating tedious and time-consuming methods of nucleic acid separation in low- to high-throughput laboratories. QIAxcel is characterized by unprecedented sensitivity and time to results for analysis of DNA fragments and RNA.

ESE-Quant Tube Scanners are portable, battery-operated optical measurement devices based on technology developed by ESE GmbH, a company we acquired in 2010. These UV and fluorescence detection systems enable point of need testing in healthcare and applied testing markets. The ESE technology permits low-throughput molecular testing in physician practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required.

Customers

From the early days of the biotechnology revolution, QIAGEN believed that Sample & Assay Technologies for nucleic acids would play an increasingly important role in cutting-edge biology-and that the information extracted from DNA and RNA would be increasingly valuable in research, industry and healthcare. Since 1986, we have been supplying customers with a growing portfolio of innovative proprietary products for the analysis of nucleic acids.

We sell highly varied and flexible workflows for molecular testing, including sample and assay kits known as consumables and automated instrumentation platforms 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, translational medicine and clinical 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

Molecular Diagnostics

The ability of advanced diagnostic technologies to unlock molecular information from patients is changing the practice of medicine, while creating a significant and growing market for nucleic acid sample preparation and assay technology products. The dissemination of PCR and other amplification technologies has brought nucleic acid-based diagnostics into routine use in healthcare around the world, and next-generation sequencing (NGS) is in the early days of further transforming healthcare.

Technologies for molecular diagnostics can be used to identify and profile microorganisms, cancer cells, bacteria and viruses by searching for their specific nucleic acid sequences or to characterize previously unknown DNA sequences related to human diseases. Commercial applications for molecular diagnostics are multiplying as researchers identify new biological markers for disease and develop novel technologies for detection and analysis of those diagnostic clues from the human body.

The molecular diagnostics market, with sales estimated by industry experts at approximately $5 billion in 2013, is still a small part of the global *in vitro* diagnostics market, but it is the fastest growing segment at a projected compound annual growth rate of 10% or more. Market penetration is still low in the U.S., other developed countries and emerging markets. However, given the advantages of precise genetic information over traditional tests, QIAGEN expects the molecular diagnostics market to provide significant growth opportunities over the long term.

Growth in the Molecular Diagnostics customer class is built upon four strategies for fighting disease, and QIAGEN is targeting each of these fields with a range of dedicated products and tailored marketing:

Prevention - using advanced technologies to screen non-symptomatic patients as a preventive strategy, such as testing women for HPV to protect from cervical cancer or screening patients for latent TB infection to guard against active TB disease.

Profiling - testing symptomatic patients to profile the precise type of disease, for example screening patients for various viral or bacterial infections that involve blood-borne diseases and healthcare-acquired infections, and in particular in at-risk patient groups, such as those having undergone organ transplantation.

Personalized Healthcare - determining which patients are most likely to respond positively to particular therapies, including landmark QIAGEN tests for testing the mutation status of genes such as KRAS, EGFR, BRAF and others that influence the effectiveness and safety profile of novel medicines for treatment of various cancers and other diseases.

Point of Need - enabling on-site diagnosis in physician practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required.

QIAGEN offers one of the broadest portfolios of molecular technologies for human healthcare. Success in Molecular Diagnostics depends on the ability to analyze purified nucleic acid samples from a variety of sources, including blood, tissue, body fluids and stool, on automated systems that can handle hundreds of samples concurrently. Other key factors are the range of assays targeting various diseases and biomarkers, convenience and ease of laboratory workflow, versatility, reliability and standardization of the nucleic acid processing and detection procedures.

One of the largest prevention markets is screening for HPV, a viral infection that is the primary cause of cervical cancer, which kills about 270,000 women a year worldwide. We are the global leader in HPV screening technologies, with our market-leading "gold standard" *digene* HC2 HPV Test and our emerging *care*HPV Test for use in low-resource regions of the world. In the U.S., we sell our HPV products primarily for two FDA-approved indications: adjunctive primary screening with a Pap test for women age 30 and older, and follow-up testing of inconsistent Pap test results in women of any age. In Europe and the rest of the world, HPV screening is growing based on clinical evidence and policy initiatives aimed at fighting cervical cancer.

The early-warning QuantiFERON®-TB Gold test, which detects latent TB infection as a strategy for the prevention of TB disease in vulnerable populations, has become an important growth driver since QIAGEN's 2011 acquisition of the product with its developer, the Australian firm Cellestis Ltd. Approximately one-third of the world's population is estimated by the World Health Organization (WHO) to be infected with the tuberculosis bacterium but do not exhibit any symptoms, a condition known as latent TB. However, about 5-10% of those patients with latent TB at some point are estimated to be at risk of developing active tuberculosis, a potentially life-threatening contagious disease that typical spreads from one active patient to 10 to 20 other people. The potential global market for latent TB detection is estimated at up to $1 billion.

In Profiling, we offer an extensive range of Sample & Assay Technologies for use in the diagnosis of patients for various infectious diseases. We are expanding this portfolio of assays and seeking regulatory approvals in additional markets. In 2013 we received European approvals of assays for detection of *Chlamydia trachomatis* (CT) and *Neisseria gonorrhoeae* (NG), as well as the healthcare-associated infection *Claustridium difficile*. In 2012, our assay for detection of Influenza A/B was approved for U.S. marketing by the FDA. A key element of our global content expansion is the use of these assay technologies on the QIAsymphony automation platform.

In Personalized Healthcare, we offer companion diagnostics to guide the selection of medicines in treating cancer and other diseases based on a broad portfolio of more than 30 biomarkers. In July 2013, QIAGEN achieved our second companion diagnostic approval from the FDA and introduced the *therascreen*® EGFR RGQ PCR Kit for use in patients with non-small cell lung cancer (NSCLC); the *therascreen*® KRAS RGQ PCR Kit for use in patients with metastatic colorectal cancer, approved by the FDA in July 2012, has gained wide acceptance among healthcare providers and laboratories. QIAGEN's global leadership position in Personalized Healthcare includes Japan, where regulators approved the *therascreen* KRAS and EGFR kits in 2011, and Europe, where QIAGEN offers more than 10 CE-marked assays for personalized healthcare applications. QIAGEN has more than 15 projects under way to co-develop and market companion diagnostics with leading pharmaceutical and biotechnology companies. We have collaborative projects with high-profile companies such as Amgen, Bayer, Boehringer Ingelheim, Bristol-Myers Squibb/ImClone, Eli Lilly, Pfizer and Sanofi. Ongoing acquisitions of biomarkers and other technologies contribute to our expanding co-development relationships. A key element of the global expansion in Personalized Healthcare is the ability of labs to efficiently use these assay technologies on our QIAsymphony platform.

We market a range of automation systems designed for low-, medium-, and high-throughput nucleic acid sample preparation and handling tasks in laboratories performing molecular diagnostics. The flagship platform is QIAsymphony, based on its unique characteristics. Nucleic acid samples purified on our instruments are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic applications. We offer closed and open assay technologies. (Open assay technologies contain PCR reagents to identify molecules of choice. Closed assays, diagnostics with predefined targets, include multiplexing and other pathogen or genetic mutation detection assays such as tests for HIV, tuberculosis, influenza or hepatitis.) We market assays directly to end customers via QIAGEN's sales channels, and selected assays through major diagnostic partners with complementary customer groups or other agreements with companies to broaden the distribution of our products.

Applied Testing

Use of molecular technologies is growing in more and more areas of life as industry and government organizations apply standardized sample preparation and assay solutions to diverse needs. Applied Testing is our term for applications outside of human healthcare and research - such as human identification and forensics, food and water safety, and veterinary testing. The value of genetic “fingerprinting” has been shown for criminal investigations or clarification of paternity or ancestry, public policy compliance for food safety and genetically modified organisms (GMOs) and containment of diseases in commercial livestock. Molecular testing can be performed by well-trained researchers in fully equipped laboratories, and increasingly also by less-trained personnel provided with easy-to-use, reproducible and standardized methods for point of need testing. Our manual DNA and RNA purification methods and automated solutions on QIAsymphony, QIAcube, EZ1 Advanced, BioRobot EZ1 and other products, as well as our amplification enzymes and quantitative assays, address the needs in these markets.

Pharma

QIAGEN has significant relationships with pharmaceutical and biotechnology companies. Drug discovery and translational research efforts increasingly employ genomic information, both to guide research in diseases and to differentiate the patient populations most likely to respond to particular therapies. We estimate that about half of QIAGEN sales in this customer class support research, while the other half supports clinical development processes, including stratification of patient populations based on genetic information. QIAGEN's GeneGlobe online portal (www.geneglobe.com) offers Pharma scientists an industry-leading source of information on disease pathways with searchable data on 60,000 genomic technologies and a platform for ordering related assays. Our Ingenuity and CLC bio informatics products, providing analysis and interpretation of sequencing results, also are widely used in pharmaceutical research.

As new drugs are commercialized, testing technologies developed in parallel with those therapies can move from Pharma R&D into the healthcare market as companion diagnostics, which are marketed in our Molecular Diagnostics customer class. Healthcare professionals use companion diagnostics to customize treatment by testing for specific genetic biomarkers that help determine the safety and efficacy profiles of drugs in individual patients, achieving the best possible therapeutic results and avoiding unnecessary treatments. In the coming years, we expect a wave of newly discovered biomarkers and companion diagnostics to transform the treatment of an increasing number of diseases.

In addition to the broad portfolio of molecular technologies, QIAGEN brings to the Pharma market a full infrastructure for co-development programs, intellectual property on platforms and content, extensive regulatory experience, global reach in our sales channels, and independence as a company focusing exclusively on these types of technologies.

Academia

QIAGEN provides Sample & Assay Technologies to leading research institutions around the world. While many academic laboratories continue to use manual, labor-intensive methods for nucleic acid separation and purification, QIAGEN has focused on enabling labs to replace time-consuming traditional methods with reliable, fast, highly reproducible, and high-quality nucleic acid extraction and purification technologies. QIAGEN often partners with leading institutions in research projects.

As academic institutions increasingly embrace translational research, bridging from discoveries to practical applications in medicine, our relationships in Academia also support our presence in the Molecular Diagnostics and Pharma customer classes. Research in university settings often helps in the development of specific technologies for targeted biomolecules, and academic research also can result in scientific publications that validate the usefulness of QIAGEN technologies for specific applications.

Global Presence by Geographic Market

QIAGEN currently markets products in more than 100 countries. The following table shows total revenue by geographic market for the past three years (net sales are attributed to countries based on the location of the subsidiary making the sale, as certain subsidiaries have international distribution):

(in thousands)	2013	2012
Net Sales		
Americas:		
United States	**$ 532,651**	$ 518,130
Other Americas	**60,166**	42,921
Total Americas	**592,817**	561,051
Europe	**482,008**	459,321
Asia Pacific and Rest of World	**227,159**	234,084
Total	**$ 1,301,984**	$ 1,254,456

Expansion into high-potential geographic markets is a core priority. Our top seven emerging markets (Brazil, Russia, India, China, South Korea, Mexico and Turkey) represented approximately 14% and 10% of net sales in 2013 and 2012, respectively. In 2013, our sales in the top seven emerging markets grew 24%, with gains in many key markets that more than offset weaker results in Korea. China represents our third-largest geographic market in terms of sales. In 2011, new subsidiaries were created in India and Taiwan, further expanding our presence in Asia.

Growth Drivers

We believe the combined global market for molecular diagnostics and molecular life science research products totals approximately $15 billion. Among the fundamental growth drivers in the industry are ongoing breakthroughs and insights into molecular biology, the emergence of next-generation sequencing (NGS), new technologies to analyze molecular information, use of diagnostics to improve the quality of healthcare and reduce costs, and revenue streams made possible through consumable products.

We have grown substantially in recent years with a flexible strategy to accelerate innovation and growth, including actions such as developing innovative new products, partnering, and acquiring companies or technologies to complement our portfolio.

We are building momentum by focusing on five growth drivers for 2014 and beyond:

QIAsymphony: We are driving global adoption of the QIAsymphony automation platform, with a target of 1,250 cumulative placements by year-end 2014, and expanding the content menu of test kits for the platform. Growing QIAsymphony placements and offering a broad menu of innovative consumables together drive sales growth.

Personalized Healthcare: We continue to develop and introduce companion diagnostics to guide the treatment of cancer and other diseases, as well as innovative sample technologies to support the care of patients. We also are a leading partner for pharmaceutical companies in co-developing products for personalized medicine.

QuantiFERON-TB: Having established leadership for QuantiFERON-TB in screening for latent tuberculosis in the United States and Europe, we are preparing to launch the product in China in 2014. In established geographic markets, we are targeting additional subpopulations of vulnerable patients, such as those with Type 2 diabetes.

Bioinformatics: Following the acquisitions of Ingenuity and CLC bio in 2013, we continue to drive the growth in sales of analysis and interpretation software for next-generation sequencing users. In addition, we are creating a leadership position in bioinformatics for the clinical research and diagnostic markets.

NGS workflow: QIAGEN is advancing on a strategic initiative to create an industry-leading portfolio of products and services to drive the adoption of next-generation sequencing (NGS) in clinical research and diagnostics, particularly through differentiated solutions for workflow challenges involving automation compared to current systems to generate sequencing data as well as through the acceleration of data analysis and interpretation. Key elements include developing and commercializing an innovative sample-to-insight workflow incorporating the GeneReaderTM benchtop NGS sequencer with the QIAcube and QIAcube NGS instruments for full automation of pre-analytical steps, and also integrating the market-leading biological data analysis, interpretation and reporting capabilities provided by CLC bio and Ingenuity. Another key element is commercializing "universal" solutions that are compatible with any NGS platform on the market and functional in a wide range of applications.

Research and Development

We are committed to expanding our global leadership in Sample & Assay Technologies. Our strategy for managing innovation focuses on addressing the most significant unmet medical and scientific needs. We target our resources to develop the most promising technologies for use by our customers in Molecular Diagnostics, Applied Testing, Pharma and Academia – and to meet the needs of healthcare professionals and scientists in key geographic markets.

Innovation at QIAGEN follows parallel paths:

- Creating new systems for automation of workflows – platforms for laboratories, hospitals and other users of these novel molecular technologies.
- Expanding our broad portfolio of "content" – in particular, novel assays to detect and characterize molecular structures and biomarkers for disease or genetic identification.

Our research and development investments are among the highest compared to other companies in our industry. Approximately 800 employees in research and development work in nine centers of excellence on three continents. Our comprehensive intellectual property portfolio spans more than 1,000 granted patents and more than 900 pending applications.

Innovations in instrumentation are strengthening our leadership in the automation of laboratories, driving dissemination of molecular technologies in healthcare and other fields, and generating increased demand for our consumable products. We continue to extend our modular, medium-throughput QIAsymphony platform, enabling hospitals and other customers to adopt or greatly expand their use of molecular diagnostics. In late 2013, we submitted the full QIAsymphony RGQ MDx platform for regulatory approval in the United States. We also plan to integrate modules in the future for specialized needs such as next-generation sequencing. We are moving ahead on QIAGEN's initiative to create an industry-leading portfolio of products to drive adoption of next-generation sequencing in clinical research and diagnostics, including an innovative sample-to-insight workflow incorporating the GeneReader™ benchtop NGS sequencer, with commercialization planned for 2014.

We are commercializing a deep pipeline of content: molecular assays for preventive screening and diagnostic profiling of diseases, tests for important biomarkers to guide personalized cancer therapies, and assays for a broad range of other targets. The rollout of QIAsymphony RGQ is accompanied by an extensive development program involving assays for Molecular Diagnostics and other customer classes, and our next-generation sequencing initiative is generating product rollouts to enhance NGS research. In Applied Testing, we continue to develop new content for human identification, food safety and veterinary diagnostics. We are also expanding our extensive portfolio of products for disease pathway research by Pharma and Academic customers. In addition, we are developing assays for specific applications in key markets such as China and Japan. The total combined addressable markets for our current assay development portfolio approach $1 billion in potential annual sales.

In addition, we are investing in co-development of companion diagnostics for personalized healthcare through projects with pharmaceutical and biotech companies. These programs typically begin with development of targeted assays to assist our customers in the development of new drugs by identifying patient populations most likely to respond favorably to therapies. The collaborations have potential to develop into companion diagnostics marketed commercially along with the new drugs.

Sales and Marketing

We market our products in more than 100 countries throughout the world. We have established subsidiaries in markets we believe have the greatest sales potential in the Americas, Europe, Australia and Asia. We have established a network of experienced personnel who sell our products and provide direct support to customers. A significant number of marketing and sales staff members are experienced scientists with academic degrees in molecular biology or related areas. In addition, business managers oversee relationships with key accounts to ensure that we are is serving their needs on the commercial side, such as procurement systems, financing arrangements, data on the costs and value of our systems, and collaborations among organizations. We also have specialized independent distributors and importers in many markets.

Our marketing strategy focuses on providing high-quality products that offer customers unique value, coupled with commitment to technical excellence and customer service. We have developed a range of marketing tools to provide customers with direct access to technical support and to inform them of new product offerings, as well as to enhance our reputation for technical excellence, high-quality products and commitment to customer service. One such tool is our technical service hotline, which allows existing or potential customers to discuss a wide range of technical questions regarding our products and related molecular biology procedures, via phone or e-mail, with Ph.D. and M.Sc. scientists in our technical service group. Frequent communication with customers enables us to identify market needs, gain early insight into new developments and business opportunities, and address them with new products.

Our GeneGlobe online portal (www.geneglobe.com) has become a valuable outreach to life science researchers in Pharma and Academia by providing an industry-leading resource on disease pathways, biomarkers and genomic information. GeneGlobe provides searchable, annotated data on 60,000 pathway and gene-related technologies, with links to order products related to each avenue of investigation.

We also distribute several publications, including our catalog, to existing and potential customers worldwide, providing new product information, product updates, and articles by customers and by our scientists about existing and new applications. Our website (*www.qiagen.com*) contains a full online product catalog and ordering system, as well as a host of support tools, scientific design tools and other resources. We have full Japanese and Chinese language versions of our website, and some information is available on our site in French, German and Korean to support these markets. Information contained on our website, or accessed through it, is not part of this Annual Report. In addition, we hold numerous scientific seminars to present technical information at leading clinical, academic and industrial research institutes worldwide. We conduct direct marketing campaigns to announce new products or offer special promotions, and we offer personalized electronic newsletters with useful information for molecular biology applications.

In addition to keeping customers informed of new product offerings, we offer an inventory consignment program. The QIAcabinet is a storage cabinet owned by us and placed in customer laboratories at their request. Stocked with our products, the QIAcabinet offers customers the convenience of immediate access, reducing reorder procedures and shipping costs. We monitor cabinet inventory and bill the customers at regular intervals as products are used. QIAcabinet increases our visibility in the laboratory and helps maintain our competitive position, while reducing distribution costs.

Seasonality

Our business does not experience significant, predictable seasonality. Historically, a significant portion of our sales have been to researchers, universities, government laboratories and private foundations whose funding is dependent upon grants from government agencies, such as the National Institutes of Health and similar bodies. To the extent that our customers experience increases, decreases or delays in funding arrangements and budget approvals, and to the extent that any of our customers' activities are slowed, such as during times of higher unemployment, vacation periods or delays in the approval of government budgets, including the U.S. federal government's budget, we may experience fluctuations in sales volumes during the year or delays from one period to the next in the recognition of sales.

Intellectual Property, Proprietary Rights and Licenses

We have made and expect to continue to make investments in intellectual property. In 2013, our purchases of intangible assets totaled $42.6 million. While we do not depend solely on any individual patent or technology, we are significantly dependent in the aggregate on technology that we own or license. Therefore, we consider protection of proprietary technologies and products one of the major keys to our business success. We rely on a combination of patents, licenses and trademarks to establish and

protect proprietary rights. As of December 31, 2013, we owned 233 issued patents in the United States, 156 issued patents in Germany and 889 issued patents in other major industrialized countries. We had 996 pending patent applications. Our policy is to file patent applications in Western Europe, the United States and Japan. U.S. patents have a term of 17 years from the date of issue (for patents issued from applications submitted prior to June 8, 1995), or 20 years from the date of filing (in the case of patents issued from applications submitted on or after June 8, 1995). Patents in most other countries have a term of 20 years from the date of filing the patent application. We intend to aggressively prosecute and enforce patents and to otherwise protect our proprietary technologies. We also rely on trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position.

Our practice is to require employees, consultants, outside scientific collaborators, sponsored researchers and other advisers to execute confidentiality agreements upon commencement of their relationships with us. These agreements provide that all confidential information developed by or made known to the individual during the course of the relationship is to be kept confidential and not disclosed to third parties, subject to a right to publish certain information in scientific literature in certain circumstances and to other specific exceptions. In the case of our employees, the agreements provide that all inventions conceived by individuals in the course of their employment will be our exclusive property.

See the discussion within "Principle Risks and Uncertainties" below for details regarding risks related to our reliance on patents and proprietary rights.

Competition

In the Academic and Pharmaceutical markets, we believe our primary competition in sample technology products involves traditional separation and purification methods, such as phenol extraction, cesium chloride density gradient centrifugation, and precipitation. These methods utilize widely available reagents and other chemicals supplied by companies such as Sigma-Aldrich Corp. and Roche Diagnostics GmbH (Applied Sciences Division). We compete with these methods through our innovative technologies and products, which offer a comprehensive solution for nucleic acid collection, pre-treatment, separation and purification needs and provide significant advantages in speed, reliability, convenience, reproducibility and ease of use.

We also experience competition in various markets from other companies providing sample preparation products in kit form and assay solutions. These competitors include, but are not limited to, Promega Corp., EMD Millipore or Merck Millipore, and Macherey-Nagel GmbH for nucleic acid separation and purification; Thermo Fisher and Promega Corp. for assay solutions and for transfection reagents; and Sigma-Aldrich Corp. and Thermo Fisher for protein fractionation products. We believe our proprietary technologies and products offer significant advantages over competitors' products with regard to purity, speed, reliability and ease-of-use.

The medical diagnostics and biotechnology industries are subject to intense competition. In our HPV franchise within our molecular diagnostics customer class, we face competition from well-established diagnostic technologies, such as cytology, and from emerging HPV testing approaches, such as signal amplified testing, research-based PCR, other indicators of disease and other traditional testing methods developed by laboratories. Our competitors in the United States include companies such as Roche Diagnostics GmbH and Hologic, Inc., which have been marketing FDA-approved HPV testing products in the U.S. in recent years. We expect competition to intensify, but our leading position in the HPV market is supported by our marketing efforts and the data supporting our *digene* HPV Test. We believe we have a competitive advantage driven by the fact that close to 90 million of these tests have been distributed worldwide as well as a multitude of clinical trials encompassing more than one million women. A number of major U.S. customers for HPV screening products operate under multiyear contracts with us, in which we provide competitive pricing and other benefits.

Some of our other products within our molecular diagnostics customer class, such as tests for Chlamydia, Gonorrhea, hepatitis B virus, herpes simplex virus and CMV, compete against existing screening, monitoring and diagnostic technologies, including tissue culture and antigen-based diagnostic methodologies. Our competitors for gene-based diagnostic probes include Roche Diagnostics, Abbott, Siemens, Cepheid and Hologic. We believe the primary competitive factors in the market for gene-based probe diagnostics and other screening devices are clinical validation, performance and reliability, ease of use, standardization, cost, proprietary position, competitors' market shares, access to distribution channels, regulatory approvals and availability of reimbursement.

We do not believe our competitors typically have the same comprehensive approach to Sample & Assay Technologies as we do or the ability to provide the broad range of technologies and depth of products and services that we offer. With our complete range of manual and fully automated solutions, we believe we offer the value of standardization of procedures and, therefore, more reliable results. We also believe our integrated strategic approach gives us a competitive advantage. The quality of sample preparation-an area in which we have a unique market and leadership position-is a key prerequisite for reliable molecular assay solutions, which increasingly are being applied in emerging markets such as Molecular Diagnostics and Applied Testing.

Current and potential competitors may be in the process of seeking FDA or foreign regulatory approvals for their respective products. Our continued future success will depend in large part on our ability to maintain our technological advantage over competing products, expand our market presence and preserve customer loyalty. There can be no assurance that we will be able to compete effectively in the future or that development by others will not render our technologies or products non-competitive.

Suppliers

As part of our quality assessment procedures, we periodically evaluate the performance of our raw material and component suppliers, potential new alternative sources of such materials and components, and the risks and benefits of reliance on our existing suppliers. We buy materials for our products from many suppliers, and are not dependent on any one supplier or group of suppliers for our business as a whole. Raw materials generally include chemicals, raw separation media, biologics, plastics and packaging. Raw materials are generally readily available at competitive, stable prices from a number of suppliers. Certain raw materials are produced under our specifications, so we closely monitor stock levels to maintain adequate supplies. We believe we maintain inventories at a sufficient level to ensure reasonable customer service levels and to guard against normal volatility in availability.

Government Regulations

We are subject to a variety of laws and regulations in the European Union, the United States and other countries. The level and scope of the regulation varies depending on the country or defined economic region, but may include, among other things, the research, development, testing, clinical trials, manufacture, storage, recordkeeping, approval, labeling, promotion and commercial sales and distribution, of many of our products.

European Union Regulations

In the European Union, *in vitro* diagnostic medical devices are regulated under EU-Directive 98/79/EC (IVD Directive) and corresponding national provisions. The IVD Directive requires that medical devices meet the essential requirements set out in an annex of the directive. These requirements include the safety and efficacy of the devices. According to the IVD Directive, the Member States presume compliance with these essential requirements in respect of devices which are in conformity with the relevant national standards transposing the harmonized standards of which the reference numbers have been published in the Official Journal of the European Communities. These harmonized standards include ISO 13485:2003, the quality standard for medical device manufacturers.

IVD medical devices, other than devices for performance evaluation, must bear the CE marking of conformity when they are placed on the market. The CE mark is a declaration by the manufacturer that the product meets all the appropriate provisions of the relevant legislation implementing the relevant European Directive. As a general rule, the manufacturer must follow the procedure of the EC Declaration of conformity to obtain this CE marking.

Each European country must adopt its own laws, regulations and administrative provisions necessary to comply with the IVD Directive. Member States may not create any obstacle to the placing on the market or the putting into service within their territory of devices bearing the CE marking according to the conformity assessment procedures. On September 26, 2012, the European Commission (EC) adopted a proposal for new EU regulations for medical devices and IVDs that if finalized will impose additional regulatory requirements on IVDs used in the EU. In many countries outside of the United States, coverage, pricing and reimbursement approvals are also required. We are also required to maintain accurate information and control over sales and distributors' activities that may fall within the purview of the Foreign Corrupt Practices Act, its books and records provisions and its anti-bribery provisions.

U.S. Regulations

In the United States, *in vitro* diagnostic kits are subject to regulation by the Food and Drug Administration (FDA) as medical devices and must be cleared or approved before they can be marketed. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as FDA refusal to approve pending NDAs, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties and criminal prosecution. In addition, some of our test kits are sold for research use only in the United States. We do not promote these tests for clinical diagnostic use, and they are labeled "For Research Use Only," or RUO, as required by the FDA.

In Vitro Diagnostics

The FDA regulates the sale or distribution of medical devices, including *in vitro* diagnostic test kits and some *in vitro* diagnostic

tests. The information that must be submitted to the FDA in order to obtain clearance or approval to market a new medical device varies depending on how the medical device is classified by the FDA. Medical devices are classified into one of three classes on the basis of the controls deemed by the FDA to be necessary to reasonably ensure their safety and effectiveness. Class I devices are subject to general controls, including labeling, pre-market notification and adherence to the FDA's quality system regulations, which are device-specific good manufacturing practices. Class II devices are subject to general controls and special controls, including performance standards and post-market surveillance. Class III devices are subject to most of the previously identified requirements as well as to pre-market approval. All Class I devices are exempt from premarket review; most Class II devices require 510(k) clearance, and all Class III devices must receive premarket approval before they can be sold in the United States. The payment of a fee to the FDA is usually required when a 510(k) notice or premarket approval application is submitted.

510(k) Premarket Notification. A 510(k) notification requires the sponsor to demonstrate that a medical device is substantially equivalent to another marketed device, termed a "predicate device", that is legally marketed in the United States and for which a premarket approval application (PMA) was not required. A device is substantially equivalent to a predicate device if it has the same intended use and technological characteristics as the predicate; or has the same intended use but different technological characteristics, where the information submitted to the FDA does not raise new questions of safety and effectiveness and demonstrates that the device is at least as safe and effective as the legally marketed device.

The FDA generally issues a decision letter within 90 days of receipt of the 510(k) if it has no additional questions or sends a first action letter requesting additional information within 75 days. Most 510(k)s do not require clinical data for clearance, but a minority will. Requests for additional data, including clinical data, will increase the time necessary to review the notice. If the FDA believes that the device is not substantially equivalent to a predicate device, it will issue a "Not Substantially Equivalent" letter and designate the device as a Class III device, which will require the submission and approval of a PMA before the new device may be marketed. Under certain circumstances, the sponsor may petition the FDA to make a risk-based determination of the new device and reclassify the new device as a Class I or Class II device. The FDA is currently reevaluating the 510(k) review process, and we cannot predict what if any changes will occur.

Premarket Approval. The PMA process is more complex, costly and time consuming than the 510(k) process. A PMA must be supported by more detailed and comprehensive scientific evidence, including clinical data, to demonstrate the safety and efficacy of the medical device for its intended purpose. If the device is determined to present a "significant risk," the sponsor may not begin a clinical trial until it submits an investigational device exemption (IDE) to the FDA and obtains approval from the FDA to begin the trial.

After the PMA is submitted, the FDA has 45 days to make a threshold determination that the PMA is sufficiently complete to permit a substantive review. If the PMA is complete, the FDA will file the PMA. The FDA is subject to a performance goal review time for a PMA that is 180 days from the date of filing, although in practice this review time is longer. Questions from the FDA, requests for additional data and referrals to advisory committees may delay the process considerably. The total process may take several years and there is no guarantee that the PMA will ever be approved. Even if approved, the FDA may limit the indications for which the device may be marketed. The FDA may also request additional clinical data as a condition of approval or after the PMA is approved. Any changes to the medical device may require a supplemental PMA to be submitted and approved before changed medical device may be marketed.

Any products sold by us pursuant to FDA clearances or approvals will be subject to pervasive and continuing regulation by the FDA, including record keeping requirements, reporting of adverse experiences with the use of the device and restrictions on the advertising and promotion of our products. Device manufacturers are required to register their establishments and list their devices with the FDA and are subject to periodic inspections by the FDA and certain state agencies. Noncompliance with applicable FDA requirements can result in, among other things, warning letters, fines, injunctions, civil penalties, recalls or seizures of products, total or partial suspension of production, refusal of the FDA to grant 510(k) clearance or PMA approval for new devices, withdrawal of 510(k) clearances and/or PMA approvals and criminal prosecution.

Regulation of Companion Diagnostic Devices

Diagnostic tests may be used in the determination of whether a drug should be prescribed for a patient, and are often referred to as in vitro companion diagnostic devices. In July 2011, the FDA issued a Draft Guidance for Industry and Food and Drug Administrative Staff on In Vitro Companion Diagnostic Devices. The Draft Guidance applies to in vitro diagnostic companion diagnostic devices that provide information that is essential for the safe and effective use of a corresponding therapeutic drug. However, a novel in vitro diagnostic test that provides information that is useful in, but not a determining factor for the safe and effective use of a therapeutic product, would not be considered an IVD companion diagnostic device subject to the Draft

Guidance. The FDA expects that the therapeutic sponsor will address the need for an approved or cleared IVD Companion Diagnostic Device in its therapeutic product development plan. The sponsor of the therapeutic product can decide to develop its own IVD Companion Diagnostic Device, partner with a diagnostic device sponsor to develop the appropriate IVD Companion Diagnostic Device, or explore modification of an existing IVD diagnostic device (its own or another sponsor's) to accommodate the appropriate intended use. The FDA has approved a number of drug/diagnostic device companions in accordance with the Draft Guidance.

In September 2013, the FDA issued its final rule on the Unique Device Identifier. This rule now requires an additional registered identifier, including a special barcode, on all FDA regulated medical devices. The rule is implemented in phases with the first deadline of September 24, 2014 being established for all Class III medical devices. For QIAGEN, this impacts the *hc2, QuantiFERON, and therascreen* products. A task force has been established to ensure this deadline is met but this will place additional administrative and regulatory burden on these products for annual reporting of compliance to the new regulation. Class II and Class I products are required to have this same labeling by September 24, 2016 and 2018, respectively. The new rule will also require additional compliance oversight once implemented.

Some of our products are sold for research purposes in the U.S., and they are labeled "For Research Use Only" (RUO) or "for molecular biology applications." In November 2013, the FDA issued a final Guidance for Industry and Food and Drug Administration Staff entitled, "Distribution of In Vitro Diagnostic Products Labeled for Research Use Only or Investigational Use Only." In the Guidance, RUO refers to devices that are in the laboratory phase of development, and investigational use only, or IUO, refers to devices that are in the product testing phase of development. These types of devices are exempt from most regulatory controls. Because we do not promote our RUOs for clinical diagnostic use or provide technical assistance to clinical laboratories with respect to these tests, we believe that these tests are exempt from FDA's premarket review and other requirements. If the FDA were to disagree with our designation of any of these products, we could be forced to stop selling the product until appropriate regulatory clearance or approval has been obtained. Further, we believe that some of our RUOs may be used by some customers in their laboratory-developed tests (LDTs), which they develop, validate and promote for clinical use. However, as previously noted, we do not promote these products for use in LDTs or assist in the development of the LDT tests for clinical diagnostic use.

HIPAA and Other Privacy and Security Laws

The Health Insurance Portability and Accountability Act of 1996, (HIPAA), as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH) regulates uses and disclosures of identifiable health information (protected health information or PHI) in the hands of certain health care providers, health plans or health care clearing houses (covered entities). HIPAA regulates and limits covered entities' uses and disclosures of PHI and requires the adoption of administrative, physical and technical security measures to keep PHI secure. HIPAA also applies to organizations that create, use or disclose PHI to provide services to or on behalf of covered entities (business associates). Business associates are required to comply with certain privacy and all of the security standards of HIPAA. Business associates and covered entities must also comply with breach notification standards established under HITECH. The HITECH breach notifications standards require covered entities to notify affected individuals, the government, and in some cases, local and national media in the event of a breach of PHI that has not been secured by encryption. The breach notification standards require business associates to notify covered entity customers of their own breaches of unsecured PHI so that the relevant covered entity may make required notifications.

Almost all states have adopted data security laws protecting the "personal information" of its residents. Personal information typically includes an individual's name or initials coupled with social security, financial account, debit, credit or state-issued identification number or other information that could lead to identity theft. There is significant variability under these laws, but most require notification to affected individuals and the government in the event of breach, as well as compliance with certain security standards (such as encryption) and adoption of contractual protections for personal information. Many states have also adopted genetic testing and privacy laws. These laws typically require a specific, written consent for genetic testing as well as consent for the disclosure of genetic test results and otherwise limit uses and disclosures of genetic testing results.

We require the disclosure of whole genome sequences in order to analyze and interpret genomic data for research use by our customers. Most of our institutional and physician customers are covered entities under HIPAA and must obtain proper authorization or de-identify information so that we may provide services. When PHI is de-identified or when the disclosure of PHI is authorized by a patient, HIPAA does not impose any compliance obligations on the recipient. We are also subject to enforcement by state attorneys general who were given authority to enforce HIPAA under HITECH and who also enforce state data security laws. State data security laws apply directly to us to the extent that it acquires any personal information. Accordingly, we maintain an active privacy and data security program designed to address regulatory compliance issues.

Health information privacy and data security laws are complex, overlapping and rapidly evolving. As Company's activities

evolve and expand, additional laws may be implicated, for example, there are international privacy laws that impose restrictions on the access, use, and disclosure of health and other personal information. All of these laws impact Company's business either directly or indirectly. Company's failure to comply with these privacy laws or significant changes in the laws could significantly impact Company's business and future business plans.

Compliance with Fraud and Abuse Laws

We have to comply with various U.S. federal and state laws, rules and regulations pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws, rules and regulations. Violations of the fraud and abuse laws are punishable by criminal and civil sanctions, including, in some instances, exclusion from participation in federal and state healthcare programs, including Medicare and Medicaid.

Anti-Kickback Statute

The federal Anti-Kickback Statute prohibits persons from knowingly or willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce:

- the referral of an individual for a service or product for which payment may be made by Medicare, Medicaid or other government-sponsored healthcare program; or
- purchasing, ordering, arranging for, or recommending the ordering of, any service or product for which payment may be made by a government-sponsored healthcare program.

The definition of "remuneration" has been broadly interpreted to include anything of value, including such items as gifts, certain discounts, waiver of payments, and providing anything at less than its fair market value. In addition, several courts have interpreted the law to mean that if "one purpose" of an arrangement is intended to induce referrals, the statute is violated.

The Anti-Kickback Statue is broad and prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements, the Office of Inspector General of the Department of Health and Human Services (OIG) has issued regulations, commonly known as "safe harbors." These safe harbors set forth certain requirements that, if fully met, will assure healthcare providers, including medical device manufacturers, that they will not be prosecuted under the Anti-Kickback Statute. Although full compliance with these safe harbor provisions ensures against prosecution under the Anti-Kickback Statute, full compliance is often difficult and the failure of a transaction or arrangement to fit within a specific safe harbor does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the Anti-Kickback Statute will be pursued. However, conduct and business arrangements that do not fully satisfy each applicable safe harbor may result in increased scrutiny by government enforcement authorities such as the OIG. The statutory penalties for violating the Anti-Kickback Statute include imprisonment for up to five years and criminal fines of up to $25,000 per violation. In addition, through application of other laws, conduct that violates the Anti-Kickback Statute can also give rise to False Claims Act lawsuits, civil monetary penalties and possible exclusion from Medicare and Medicaid and other federal healthcare programs. In addition to the Federal Anti-Kickback Statute, many states have their own kickback laws. Often, these laws closely follow the language of the federal law, although they do not always have the same scope, exceptions, safe harbors or sanctions. In some states, these anti-kickback laws apply not only to payment made by a government health care program but also with respect to other payors, including commercial insurance companies.

Other Fraud and Abuse Laws

The federal False Claims Act (FCA) prohibits any person from knowingly presenting, or causing to be presented, a false claim or knowingly making, or causing to made, a false statement to obtain payment from the federal government. Those found in violation of the FCA can be subject to fines and penalties of three times the damages sustained by the government, plus mandatory civil penalties of between $5,500 and $11,000 for each separate false claim. Actions filed under the FCA can be brought by any individual on behalf of the government, a "qui tam" action, and such individual, known as a "relator" or, more commonly, as a "whistleblower," who may share in any amounts paid by the entity to the government in damages and penalties or by way of settlement. In addition, certain states have enacted laws modeled after the FCA, and this legislative activity is expected to increase. Qui tam actions have increased significantly in recent years, causing greater numbers of healthcare companies, including medical device manufacturers, to defend false claim actions, pay damages and penalties or be excluded from Medicare, Medicaid or other federal or state healthcare programs as a result of investigations arising out of such actions.

The OIG also has authority to bring administrative actions against entities for alleged violations of a number of prohibitions, including the Anti-Kickback Statute and the Stark Law. The OIG may seek to impose civil monetary penalties or exclusion

from the Medicare, Medicaid and other federal healthcare programs. Civil monetary penalties can range from $2,000 to $50,000 for each violation or failure plus, in certain circumstances, three times the amounts claimed in reimbursement or illegal remuneration. Typically, exclusions last for five years.

In addition, we must comply with a variety of other laws, such as laws prohibiting false claims for reimbursement under Medicare and Medicaid, all of which can also be triggered by violations of federal anti-kickback laws; the Health Insurance Portability and Accounting Act of 1996, which makes it a federal crime to commit healthcare fraud and make false statements; and the Federal Trade Commission Act and similar laws regulating advertisement and consumer protections.

There are also an increasing number of state "sunshine" laws that require manufacturers to provide reports to state governments on pricing and marketing information. Several states have enacted legislation requiring medical device companies to, among other things, establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales and marketing activities, and to prohibit or limit certain other sales and marketing practices. In addition, a federal law known as the Physician Payments Sunshine Act, now requires medical device manufacturers to track and report to the federal government certain payments and other transfers of value made to physicians and teaching hospitals and ownership or investment interests held by physicians and their immediate family members. The federal government will disclose the reported information on a publicly available website beginning in 2014. If we fail to track and report as required by these laws or to otherwise comply with these laws, we could be subject to the penalty provisions of the pertinent state and federal authorities.

Reimbursement

United States

In the United States, payments for diagnostic tests come from several sources, including third party payors such as health maintenance organizations and preferred provider organizations; government health programs such as Medicare and Medicaid; and patients; and, in certain circumstances, hospitals or referring laboratories. For many years, federal and state governments in the United States have pursued methods to reduce the cost of these programs. For example, in 2010 the United States enacted major healthcare reform legislation known as the Patient Protection and Affordable Care Act (ACA). Such changes have had, and are expected to continue to have, an impact on our business. At present, Medicare payment rates are affected by across-the-board federal budget cuts commonly referred to as "sequestration". Under sequestration, the Centers for Medicare & Medicaid Services (CMS), the federal agency responsible for administering Medicare and Medicaid, reduced Medicare payments to providers by 2% annually beginning in 2013 and through 2023.

Code Assignment. In the United States, a third-party payor's decisions regarding coverage and payment are driven, in large part, by the specific Current Procedural Terminology, or CPT, code used to identify a test. The American Medical Association, or AMA, publishes the CPT, which is a listing of descriptive terms and identifying codes for reporting medical services and procedures. The purpose of the CPT is to provide a uniform language that accurately describes medical, surgical, and diagnostic services and therefore to ensure reliable nationwide communication among healthcare providers, patients, and third-party payors.

A manufacturer of in vitro diagnostic kits or a provider of laboratory services may request establishment of a Category I CPT code for a new product. Assignment of a specific CPT code ensures routine processing and payment for a diagnostic test by both private and government third-party payors.

The AMA has specific procedures for establishing a new CPT code and, if appropriate, for modifying existing nomenclature to incorporate a new test into an existing code. If the AMA concludes that a new code or modification of nomenclature is unnecessary, the AMA will inform the requestor how to use one or more existing codes to report the test.

While the AMA's decision is pending, billing and collection may be sought under an existing, non-specific CPT code. A manufacturer or provider may decide not to request assignment of a CPT code and instead use an existing, non-specific code for reimbursement purposes. However, use of such codes may result in more frequent denials and/or requests for supporting clinical documentation from the third-party payor and in lower reimbursement rates, which may vary based on geographical location.

In 2012, the AMA added 127 new CPT codes for molecular pathology services that became effective on January 1, 2013. These new CPT codes are biomarker specific and were designed to replace the previous methodology of billing for molecular pathology testing, which involved "stacking" a series of non-biomarker specific CPT codes together to describe the testing performed. The new CPT codes were issued final national reimbursement prices by CMS in November of 2013. These federal

reimbursement amounts are widely acknowledged to be lower than the reimbursement obtained by the now outdated “stacking” method, but commercial payors and Medicare contractors are still in the process of solidifying their coverage and reimbursement policies for the testing described by these new CPT codes. The lower reimbursement amounts experienced in the field of molecular pathology testing may soon be extending to other codes on the Clinical Laboratory Fee Schedule as CMS initiates a 5-year long review of all CPT codes for clinical laboratory testing this year. This review is designed to adjust the reimbursement rates of the CPT codes describing clinical laboratory testing to reflect any changes in technology that have occurred since the CPT code went into effect. CMS will start with the oldest CPT codes on the Fee Schedule first, and acknowledges that adjustments could result in increases to payment amounts, but expects most adjustments to result in decreases.

Coverage Decisions. When deciding whether to cover a particular diagnostic test, private and government third-party payors generally consider whether the test is a contractual benefit and, if so, whether it is reasonable and necessary for the diagnosis or treatment of illness and injury. Most third-party payors do not cover experimental services. Coverage determinations often are influenced by current standards of practice and clinical data, particularly at the local level. The Centers for Medicare & Medicaid Services (CMS) which is the government agency responsible for overseeing the Medicare program, has the authority to make coverage determinations on a national basis, but most Medicare coverage decisions are made at the local level by contractors that administer the Medicare program in specified geographic areas. Private and government third-party payors have separate processes for making coverage determinations, and private third-party payors may or may not follow Medicare's coverage decisions. If a third-party payor has a coverage determination in place for a particular diagnostic test, billing for that test must comply with the established policy. Otherwise, the third-party payor makes reimbursement decisions on a case-by-case basis.

Payment. Payment for covered diagnostic tests is determined based on various methodologies, including prospective payment systems and fee schedules. In addition, private third-party payors may negotiate contractual rates with participating providers or set rates as a percentage of the billed charge. Diagnostic tests furnished to Medicare inpatients generally are included in the bundled payment made to the hospital under Medicare's Inpatient Prospective Payment System. Payment for diagnostic tests furnished to Medicare beneficiaries in most other circumstances is made based on the Clinical Laboratory Fee Schedule, under which a payment amount is assigned to each covered CPT code. The law technically requires fee schedule amounts to be adjusted annually by the percentage increase in the consumer price index (CPI) for the prior year, but Congress has frozen payment rates in certain years. Medicaid programs generally pay for diagnostic tests based on a fee schedule, but reimbursement varies by state.

European Union

In the European Union the reimbursement mechanisms used by private and public health insurers vary by country. For the public systems reimbursement is determined by guidelines established by the legislator or responsible national authority. As elsewhere, inclusion in reimbursement catalogues focuses on the medical usefulness, need, quality and economic benefits to patients and the healthcare system. Acceptance for reimbursement comes with cost, use and often volume restrictions, which again can vary by country.

We are subject to laws and regulations related to the protection of the environment, the health and safety of employees and the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials. For example, the U.S. Occupational Safety and Health Administration (OSHA) has established extensive requirements relating specifically to workplace safety for healthcare employers in the U.S. This includes requirements to develop and implement multi-faceted programs to protect workers from exposure to blood-borne pathogens, such as HIV and hepatitis B and C, including preventing or minimizing any exposure through needle stick injuries. For purposes of transportation, some biological materials and laboratory supplies are classified as hazardous materials and are subject to regulation by one or more of the following agencies: the U.S. Department of Transportation, the U.S. Public Health Service, the United States Postal Service and the International Air Transport Association.

Conflict Minerals

Recent U.S. legislation has been enacted to improve transparency and accountability concerning the sourcing of conflict minerals” from mines located in the conflict zones of the Democratic Republic of Congo (DRC) and its adjoining countries. The term conflict minerals currently encompasses tantalum, tin, tungsten (or their ores) and gold. Certain of our instrumentation product components which we purchase from third party suppliers do contain gold. This U.S. legislation requires manufacturers, such as us, to investigate our supply chain and disclose if there is any use of conflict minerals originating in the DRC or adjoining countries. We are currently evaluating the potential impact of, and developing an implementation strategy to comply with this legislation.

Organizational Structure

QIAGEN N.V. is the holding company for more than 50 consolidated subsidiaries, many of which have the primary function of distributing our products and services on a regional basis. Certain subsidiaries also have research and development or production activities. A listing of our significant subsidiaries and their jurisdictions of incorporation is included in Note 29, 'Consolidated Companies'.

Description of Property

Our production and manufacturing facilities for consumable products are located in Germany, the United States, China, France, and the United Kingdom. In recent years, we have made investments in automated and interchangeable production equipment to increase our production capacity and improve efficiency. Our production and manufacturing operations are highly integrated and benefit from sophisticated inventory control. Production management personnel are highly qualified, and many have advanced degrees in engineering, business and science. We also have installed and continue to expand production-planning systems that are included in our integrated information and control system based on the SAP R/3 business software package from SAP AG. Worldwide, we use SAP software to integrate most of our operating subsidiaries. Capital expenditures for property, plant and equipment totaled $76.1 million and $102.0 million for 2013 and 2012, respectively.

We have an established quality system, including standard manufacturing and documentation procedures, intended to ensure that products are produced and tested in accordance with the FDA's Quality System Regulations, which impose current Good Manufacturing Practice (cGMP) requirements. For cGMP production, special areas were built in our facilities in Hilden, Germany, and Germantown and Gaithersburg, Maryland. These facilities operate in accordance with cGMP requirements.

The consumable products manufactured at QIAGEN GmbH in Germany, and QIAGEN Sciences, LLC. and QIAGEN Gaithersburg, Inc., both in Maryland, are produced under ISO 9001: 2008, ISO 13485:2003, ISO 13485:2003 CMDCAS, and the EC Directive 98/79/EC. Our certifications form part of our ongoing commitment to provide our customers high-quality, state-of-the-art Sample & Assay Technologies and to the development of our Total Quality Management system.

Our facilities in Hilden, Germany, currently occupy a total of approximately 750,000 square feet, some of which is leased pursuant to separate contracts, the last of which expires in 2018. Our production capacity is increased through our manufacturing and research facilities in the United States. QIAGEN Sciences, LLC owns a 27-acre site in Germantown, Maryland. The 285,000 square foot Germantown facility consists of several buildings in a campus-like arrangement and is intended to accommodate over 500 employees. There is room for future expansion of up to 300,000 square feet of facility space. We lease a facility in Gaithersburg, Maryland, comprising a total of 150,000 square feet and 40,000 square feet in Frederick, Maryland for manufacturing, warehousing, distribution and research operations.

In 2009, we purchased additional land adjacent to our facility in Hilden, Germany, for EUR 2.5 million (approximately $3.2 million) and began construction to further expand our facilities for research and development and production. In 2010, we began construction on expansion of our research, production and administrative space in Germantown, Maryland. Both projects were completed at a total cost of $97.2 million as of December 31, 2013. There are two additional small expansion projects in Maryland that will be started in 2014 and are estimated to be completed in 2015. We anticipate being able to fund these expansions with cash generated by operating activities.

Other subsidiaries throughout the world lease smaller amounts of space. Our corporate headquarters are located in leased office space in Venlo, The Netherlands.

We believe our existing and planned production and distribution facilities can support anticipated production needs for the next 36 months. Our production and manufacturing operations are subject to various federal, state, and local laws and regulations including environmental regulations. We do not believe we have any material issues relating to these laws and regulations.

Operating and Financial Review and Prospects for the Period from January 1, 2013 to December 31, 2013

Results of Operations, Financial Position

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 insights. 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 December 31, 2013, we employed more than 4,000 people in more than 35 locations worldwide.

In 2013, operating income on a consolidated basis was $30.9 million, a 82% decrease from $171.2 million in 2012, which in turn was an 82% increase compared from $30.3 million in 2011. The 2013 decline reflects the impact of restructuring-related charges in 2013. Operating income in 2011 was also negatively impacted by a restructuring-related charge in the fourth quarter of 2011.

We have delivered five-year compound annual growth rates of approximately 8% in net sales and -13% in net income through 2013. The decline in net income primarily reflects the impacts of our recent restructuring efforts. We have funded our growth through internally generated funds, debt, and private and public sales of equity securities.

Recent Acquisitions

We have made a number of strategic acquisitions since 2011, expanding our technology and product offerings as well as extending our geographic presence. These transactions include:

- In August 2013, we acquired CLC bio, a global leader in bioinformatics software with a focus on next-generation sequencing (NGS). This acquisition creates a complete workflow from biological sample to valuable molecular insights. CLC bio, a privately-held company based in Aarhus, Denmark, was founded in 2005 and has created the leading commercial data analysis solutions and workbenches for NGS. The addition of this portfolio follows our recent acquisition of Ingenuity Systems, Inc., the market leader in solutions for handling biological data through the interpretation and reporting stages. CLC bio's leading products are CLC Genomics Workbench, a comprehensive and user-friendly analysis package for analyzing, comparing and visualizing NGS data; and CLC Genomics Server, a flexible enterprise-level infrastructure and analysis backbone for NGS data analysis.

- In April 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.

- In June 2012, we unveiled an initiative to enter targeted areas of the NGS market, including our acquisition during 2012 of Intelligent Bio-Systems, Inc., which added important expertise, intellectual property rights and innovative technologies in this rapidly growing area. Our NGS initiative aims to expand the use of these technologies from the current focus on life science research into routine use in translational research and clinical diagnostics.

- 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 a key addition to our Point of Need portfolio.

- In August 2011, we acquired Cellestis Ltd., an Australian company that created the proprietary "pre-molecular" QuantiFERON® technology. The early-warning QuantiFERON®-TB Gold test, which detects latent tuberculosis (TB) infection as a strategy for the prevention of active TB disease in vulnerable populations, has become an important growth driver as we continue to expand the market.

- In July 2011, we purchased a majority of the shares of Ipsogen S.A., a publicly listed French company that is a global leader in molecular profiling and personalized healthcare diagnostics for a broad range of blood cancers. Through a public tender offer for the remaining shares, we had acquired 89% of the shares of Ipsogen by year-end 2013. We intend to fully acquire Ipsogen through future public offers. Effective January 1, 2013, Ipsogen was renamed QIAGEN Marseille and its sales and distribution networks were integrated with our commercial operations.

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 IFRS 8, *Operating Segments*. 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. Considering the acquisitions made during 2013, we determined that we still operate as one business segment. 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.

Year Ended December 31, 2013, Compared to 2012

Net Sales

In 2013, net sales increased 4% to $1.30 billion compared to $1.25 billion in 2012, driven by growth in all regions and led by the Molecular Diagnostics (+7%) and Applied Testing (+6%) customer classes. Higher sales of consumables and other revenues (+5%) more than offset lower instrument sales (-4%). Total net sales growth was split about evenly between the existing product portfolio and the acquisitions of Ingenuity (acquired April 29, 2013), CLC bio (acquired August 22, 2013) and AmniSure International LLC (acquired May 3, 2012). Currency movements had little impact on total reported sales growth.

In 2013, consumable and related revenues (approximately 88% of net sales) rose 5% compared to 2012. Sales from the Ingenuity and CLC bio portfolios (acquired in 2013 and recorded in this product category) contributed to the performance in all customer classes. Sales of instruments (approximately 12% of net sales) declined 4% in 2013 compared to 2012 and reflect the impact of the focus on reaching multi-year reagent rental placements of the QIAsymphony automation platform.

Net sales in the Americas (+5%, 48% of net sales) advanced on higher contributions from Mexico, Brazil and the U.S. The Asia-Pacific / Japan region (+0%, 19% of net sales) advanced on sales gains in China and India, but these were offset by unfavorable currency movements. The Europe / Middle East / Africa region (+4%, 32% of net sales) rose on improving performance in particular in Turkey, the United Kingdom and the Nordic countries. The top seven emerging markets (China, Brazil, Turkey, Korea, India, Russia and Mexico) delivered 24% growth in 2013 and represented 14% of sales, with gains in many key markets more than offsetting weaker results in Korea.

Molecular Diagnostics, which represents approximately 50% of net sales, benefited in 2013 from important growth drivers, as high-single-digit gains in consumables more than offset lower instrument sales. In Prevention, the QuantiFERON-TB test for detection of latent tuberculosis (TB) grew more than 25% and represented approximately 6% of total net sales. Global results for HPV testing products (-4%, 16% of net sales) were mixed, as sales in the U.S. declined approximately 14% and in line with our expectations, while sales in the rest of the world advanced at a double-digit rate. In Profiling, the growing installed base of QIAsymphony platforms led to double-digit growth in consumables. Personalized Healthcare sales of companion diagnostic assays were higher despite challenging developments in the U.S. reimbursement landscape. We also entered into several new co-development projects during 2013, but revenues were significantly lower compared to 2012, due mainly to the timing of milestone payments. In Point of Need, the AmniSure portfolio maintained a double-digit growth pace.

Applied Testing, which represents approximately 8% of net sales, achieved 6% growth in 2013 compared to 2012, with this customer class returning to growth during the second half of the year. Solid gains in consumables more than offset lower instrument sales compared to the very strong performance in 2012, which included significant revenue contributions from the launch of the full QIAsymphony automation platform to these customers.

Pharma, which represents approximately 19% of net sales, rose 2% in 2013 compared to 2012 on growth of instruments and consumables in all geographic regions. The improved performance was underpinned by the first-time contributions of the Ingenuity and CLC bio acquisitions completed during 2013. Industry restructuring activities weighed on growth opportunities, particularly in Europe.

Academia, which represents approximately 23% of net sales, experienced a 2% decline in 2013 compared to 2012, reflecting the adverse impact in 2013 of increasingly challenging government funding trends, particularly in the U.S. with the implementation of sequestration budget cuts and austerity measures in certain European countries. Instrument sales declined at a mid-single-digit pace, while modest growth in consumables was driven by the first-time contributions of Ingenuity and CLC bio. Government funding trends are expected to improve during the course of 2014, particularly in the U.S. based on budget agreements reached in Congress, but funding is largely expected to remain below levels seen in previous years.

Gross Profit

Gross profit was $802.3 million, or 63% of net sales, in 2013, compared to $812.5 million, or 66% of net sales, in 2012. Consumable products (including sample and assay kits as well as bioinformatics solutions) have a higher gross margin than our instruments and service arrangements. Fluctuations in the sales levels of these products and services will have an impact on the gross margin between periods. Additionally in 2013, in connection with our restructuring efforts, a charge of $40.6 million was recorded in cost of sales, which consisted primarily of $25.2 million involved impairments primarily due to the discontinuation of development programs, $6.5 million for contract termination costs, $5.1 million for the write-off of inventory, and $3.5 million for personnel costs.

Amortization expense related to developed technology and patent and license rights acquired in a business combination is included in cost of sales. The amortization expense on acquisition-related intangibles within cost of sales decreased slightly to $77.9 million in 2013 from $78.5 million in 2012. Acquisition-related intangible amortization would increase in the future should we make further acquisitions.

During 2012, a total of $3.1 million was expensed as acquisition and restructuring-related cost of sales. These included costs related to the relocation of production facilities as well as the write-up of acquired inventory to fair market value as a result of business combinations. In accordance with purchase accounting rules, acquired inventory was written up to fair market value and subsequently expensed as the inventory was sold. Additionally, we recorded reversals of $6.7 million related to changes in the fair value of contingent consideration and $4.6 million related to acquired contingent liabilities.

Research and Development

Research and development expenses increased by 25% to $135.9 million (11% of net sales) in 2013, compared to $105.4 million (9% of net sales) in 2012. Research and development expense was also negatively affected by $2.1 million of currency exchange impact in 2013. 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 to increase our research and development costs. As we continue to discover, develop and acquire new products and technologies, we expect to incur additional expenses related to facilities, licenses and employees engaged in research and development 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 8% to $409.0 million (32% of net sales) in 2013 from $382.3 million (30% of net sales) in 2012. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses, medical device excise tax and other promotional expenses. The increase in sales and marketing expenses primarily reflects the acquisitions in 2013 and the first year of medical-device excise tax. The increase was partially offset by $1.1 million of favorable currency exchange impact in 2013. On 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. We anticipate that sales and marketing costs will continue to increase along with new product introductions and growth in sales of our products.

Amortization of trademarks and customer base acquired in a business combination is recorded in sales and marketing expense. During 2013, amortization expense on acquisition-related intangibles within sale and marketing expense increased to $35.5 million, compared to $36.1 million in 2012. The increase in expense is the result of an increase in amortized intangibles

acquired in our recent business combinations. We expect acquisition-related intangible amortization to continue to increase as a result of our acquisitions.

General and Administrative, Restructuring, Integration and Other

General and administrative, business integration, restructuring and related costs increased by 40% to $216.2 million (17% of net sales) in 2013 from $153.7 million (12% of net sales) in 2012. The net increase includes $78.1 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 primarily due to the discontinuation of development programs. The restructuring costs primarily relate to a project we began in late 2011 to enhance productivity by streamlining the organization and reallocating resources to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project 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. Additionally, general and administrative, integration and related costs increased by $2.5 million due to currency impact in 2013, compared to the same period of 2012. During 2013, we incurred acquisition transaction costs of approximately $2.0 million, primarily in connection with the acquisitions of Ingenuity and CLC bio. 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 2014. Over time, we believe the integration and restructuring activities will reduce expenses as we improve efficiency in operations.

Financial Income and Expense

For the year ended December 31, 2013, financial income increased to $4.9 million from $4.7 million in 2012. The increase in financial income primarily reflects the changes in our cash and short-term investments and the changing interest rates thereon.

Financial expense decreased to $30.3 million in 2013 compared to $34.5 million in 2012. Interest costs primarily relate to our long-term debt discussed in the accompanying notes to the consolidated financial statements.

QIAGEN N.V.'s presentation currency is the U.S. dollar, and most of our subsidiaries' functional currencies are the local currencies of the countries in which they are headquartered. 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. The net gain/(loss) on foreign currency transactions in 2013 and 2012 was $5.7 million and $(7.2) million, respectively.

Gains from investments in associates was $1.7 million in 2013 and in 2012.

As per end of December 31, 2012 was $1.4 million primarily related to amounts received in connection with the release of an escrow fund.

Income Taxes

In 2013 and 2012, our effective tax rates were (260.7)% and 8.1%, respectively. Our operating subsidiaries are exposed to effective tax rates ranging from zero up to more than 40%. 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. 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 December 31, 2013 and 2012, we had cash and cash equivalents of $331.0 million and $394.7 million, respectively. We also had short-term investments of $49.9 million at December 31, 2013. 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 December 31, 2013, cash and cash equivalents had decreased by $63.7 million from December 31, 2012, primarily as a result of cash used in investing activities of $262.6 million and financing activities of $73.0 million partially offset by cash provided by operating activities of $274.0 million. As of December 31, 2013 and 2012, we had working capital of $526.0 million and $683.7 million, respectively.

Operating Activities. For the years ended December 31, 2013 and 2012, we generated net cash from operating activities of $274.0 million and $269.1 million, respectively. While net income was $46.0 million in 2013 non-cash components in income included $269.6 million of depreciation, amortization and impairments primarily due to the discontinuation of development programs. Operating cash flows include a net increase in working capital of $9.1 million, primarily due to increased accrued liabilities, including those related to restructuring activities and income tax amounts. 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 $262.6 million of cash was used in investing activities during 2013, compared to $322.3 million during 2012. Investing activities during 2013 consisted principally of $20.3 million invested in available-for-sale assets, $76.1 million in cash paid for purchases of property and equipment, primarily in our ongoing construction projects in the U.S., as well as $42.6 million paid for intangible assets. Cash paid for acquisitions, net of cash acquired, of $170.5 million was used primarily in the acquisition of Ingenuity as discussed in Note 5. As of December 31, 2013, we also had made investments of $4.3 million in privately held companies. These investing activities were partially offset by $63.1 million from the sale of available-for-sale assets.

In 2009 and 2010, we started the expansion of our Hilden, Germany, and Germantown, Maryland, USA facilities, respectively. Both projects were completed at a total cost of $97.2 million as of December 31, 2013. There are two additional small expansion projects in Maryland that will be started in 2014 and are estimated to be completed in 2015. We anticipate being able to fund these expansions with cash generated by operating activities.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $120.3 million based on the achievement of certain revenue and operating results milestones as follows: $65.7 million in 2014, $16.5 million in 2015, $17.8 million in 2016, $7.0 million in 2017, and $13.3 million payable in any 12-month period from now until 2016 based on the accomplishment of certain revenue targets. Of the $120.3 million total contingent obligation, approximately $6.1 million is accrued as of December 31, 2013.

Financing Activities. Financing activities used $73.0 million in cash for the year ended December 31, 2013 compared to $224.1 million provided in 2012. Cash used during 2013 was primarily for the purchase of treasury shares of $86.0 million partially offset by $25.3 million for the issuance of common shares in connection with our stock plan.

In December 2011, we entered into a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at December 31, 2013. We have additional credit lines totaling €36.6 million with no expiration date, none of which was utilized as of December 31, 2013. We also have capital lease obligations, including interest, in the aggregate amount of $18.3 million, and carry $845.5 million of long-term debt, of which $0.2 million is current as of December 31, 2013.

In August 2004, the Company completed the sale of $150 million principal amount of 1.5% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11.5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection with the conversion of $5.0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2014 and 2019. The effective interest rate of the Notes amounts to 1.5%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the sale of $300.0 million principal amount of 3.25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes is payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15.0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. The 2006 Notes cannot be called for the first 7 years and are callable thereafter 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 Notes for 100% of the principal amount, plus accrued interest, on May 16, 2013, 2017 and 2022. The effective interest rate of the Notes amounts to 6.4%. The Company has reserved 15.0 million of common stock for issuance in the event of conversion.

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%). Approximately €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 the first half of 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) in a second share repurchase program. Based on the closing price on July 29, 2013, this represents approximately 5.0 million common shares. Repurchased shares will be held in treasury in order to satisfy obligations for exchangeable debt instruments and employee share-based remuneration plans. In 2013, 1.0 million QIAGEN shares were repurchased for $22.7 million under this program.

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 has also been 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 could not obtain financing on a timely basis or at satisfactory terms, or implement timely reductions in our expenditures, our business could be adversely affected.

Quantitative and Qualitative Disclosures About Market Risk

Our market risk relates primarily to interest rate exposures on cash, short-term investments and borrowings and foreign currency exposures. Financial risk is centrally managed and is regulated by internal guidelines which require a continuous internal risk analysis. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign exchange rates. Exposures are managed through operational methods and financial instruments relating to interest rate and foreign exchange risks. 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 other speculative purposes. All derivatives are recognized as either assets or liabilities in the balance sheet and are measured at fair value with any change in fair value recognized 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.

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 primarily using foreign exchange forward contracts, options and cross-currency swaps.

Interest Rate Derivatives. We have used interest rate derivative contracts on certain borrowing transactions to hedge fluctuating interest rates. We previously entered into interest rate swaps in which we agreed to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. These interest rate derivatives matured in 2011.

Further details of our derivative and hedging activities can be found in Note 25 to the accompanying consolidated financial statements.

Interest Rate Risk

At December 31, 2013, we had $331.0 million in cash and cash equivalents as well as $49.9 million in short-term investments. Interest income earned on our cash investments is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment instruments. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

Borrowings against lines of credit are at variable interest rates. We had no amounts outstanding against our lines of credit at December 31, 2013. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2013, we had $845.5 million in long-term debt, none of which is at a variable rate. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

Foreign Currency Exchange Rate Risk

As a global enterprise, we are subject to risks associated with fluctuations in foreign currencies with regard to our ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions as well as future cash flows resulting from anticipated transactions including intra-group transactions.

A significant portion of our revenues and expenses are earned and incurred in currencies other than the U.S. dollar. The euro is the most significant such currency, with others including the British pound, Japanese yen, Chinese renminbi, Swiss franc, and Canadian and Australian dollars. Fluctuations in the value of the currencies in which we conduct our business relative to the U.S. dollar have caused and will continue to cause U.S. dollar translations of such currencies to vary from one period to another. Due to the number of currencies involved, the constantly changing currency exposures, and the potential substantial volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In general terms, depreciation of the U.S. dollar against our other foreign currencies will increase reported net sales. However, this effect is, at least partially, offset by the fact that we also incur substantial expenses in foreign currencies.

We have significant production and manufacturing facilities located in Germany and intercompany sales of inventory also expose us to foreign currency exchange rate risk. Intercompany sales of inventory are generally denominated in the local currency of the subsidiary purchasing the inventory in order to centralize foreign currency risk with the manufacturing subsidiary. We use an in-house bank approach to net and settle intercompany payables and receivables as well as intercompany foreign exchanged swaps and forward contracts in order to centralize the foreign exchange rate risk to the extent possible. We have entered in the past and may enter in the future into foreign exchange derivatives including forwards, swaps and options to manage the remaining foreign exchange exposure.

Employees

As of December 31, 2013, we employed 4,015 individuals, of which 20% worked in research and development, 39% in sales, 22% in production/logistics, 8% in marketing and 10% in administration.

Region	Research & Development	Sales	Production	Marketing	Administration	Total
Americas	160	499	203	79	99	1,040
Europe	618	574	596	190	260	2,238
Asia Pacific & Rest of World	42	481	94	62	58	737
December 31, 2013	**820**	**1,554**	**893**	**331**	**417**	**4,015**

At December 31, 2012, we employed 3,999 individuals. None of our employees is represented by a labor union or subject to a collective bargaining agreement. Management believes that its relations with employees are good.

Our success depends, to a significant extent, on key members of our management and our scientific staff. The loss of such employees could have a material adverse effect on QIAGEN. Our ability to recruit and retain qualified skilled personnel to perform future research and development work will also be critical to our success. Due to the intense competition for experienced scientists from numerous Pharmaceutical and biotechnology companies and academic and other research institutions, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms. Our planned activities will also require additional personnel, including management, with expertise in areas such as manufacturing and

marketing, and the development of such expertise by existing management personnel. The inability to acquire such personnel or develop such expertise could have a material adverse impact on our operations.

Workforce Diversity

In terms of composition of the Supervisory Board and the Managing Board, new Dutch legislation took effect on January 1, 2013, requiring companies to pursue a policy of having at least 30% of the seats on the Managing Board and the Supervisory Board held by men and at least 30% held by women.

We have a long-standing commitment to developing a diverse leadership team, including the Managing Board and the Supervisory Board, with a broad range of experience, skills and capabilities. In nominating candidates for these boards, we support the trend toward higher participation of women. We are committed to expanding diversity while pursuing individuals for these boards with a unique blend of scientific and commercial expertise and experience that will contribute to the future success of its business. Internally, management development programs support the career advancement of leaders regardless of gender and other factors. As a result, a number of women are in key leadership roles, particularly in commercial and operational positions around the world. In line with this long-standing commitment, the Supervisory Board will take the requirements of the Dutch law into account in the future when proposing members for election or re-election to its Board without compromising QIAGEN's commitment to hiring the best individuals for positions without any discrimination. Our current governance structure has led to a reduction in the size of the Managing Board to two members, so achieving a diversity goal as measured solely by a percentage of overall membership is difficult to achieve. At the same time, QIAGEN has significantly increased the diversity of its senior leadership team and will continue to do so in the future.

Compensation of Managing Board Members and Supervisory Directors

Remuneration policy

The objective of our remuneration policy is to attract and retain internationally the talented, highly qualified leaders and skilled individuals, to enable QIAGEN to achieve its short and long term strategic initiatives and operational excellence. Our remuneration policy aligns remuneration with individual performance, corporate performance and fosters sustainable growth and long term value creation in the context of QIAGEN’s social responsibility and stakeholders’ interest.

The remuneration policy and overall remuneration levels are benchmarked regularly, against a selected group of companies and key markets in which QIAGEN operates, to ensure overall competitiveness. QIAGEN participates in various compensation benchmarking surveys that provide information on the level, as well as the structure, of compensation awarded by various companies and industries for a broad range of positions around the world. The companies in the peer group are selected on the basis market capitalization, competitors for talent, similar complexity and international spread, operating in similar industries.

The performance of the Managing Board members is measured annually against a written set of goals. The remuneration of the Managing Board members is linked to the achievement of QIAGEN’s strategic and financial goals. To ensure that remuneration is linked to performance, a significant proportion of the remuneration package is variable and contingent on performance of the individual and the company. These goals are set at ambitious levels each year to motivate and drive performance, with a focus on achieving both long term strategic initiatives and short-term objectives based on the annual operative planning. Performance metrics used for these goals include the achievement of financial and non-financial targets.

The remuneration package of the Managing Board members consists of a combination of base salary, short term variable cash award and several elements of long term incentives (together, ‘total direct compensation’). In addition, the members of the Managing Board receive a pension arrangement and other benefits that are standard in our industry, such as a company car.

The total target remuneration package of the Managing Board members is appropriately set against a variety of factors which includes external and internal equity, experience, complexity of the position, scope and responsibilities. We aim to provide the members of the Managing Board a total direct compensation at market median level.

The structure of the remuneration package for the Managing Board is designed to balance short term operational excellence with long term sustainable value creation while taking into account the interests of its stakeholders. As such a significant part of the total remuneration of the Managing Board members consist of variable remuneration which can differ substantially from year to year depending on our corporate results and individual performance and may include equity-based compensation which may be subject to vesting conditions over a period of 10 years.

The remuneration policies for the Managing Board and for other senior management members of QIAGEN are generally aligned and consistent.

Reference is made to the additional disclosures in the Corporate Governance Report.

Risk Management

Our risk management approach embodies the key elements of a sound risk management system including (1) active Supervisory Board and senior management involvement; (2) adequate policies and procedures; (3) adequate risk management, monitoring and information systems; and (4) comprehensive internal controls.

QIAGEN is managed by a Managing Board and an independent Supervisory Board appointed by the General Meeting of Shareholders. One of the Managing Board's responsibilities is the oversight of the risk management system. The Managing Board has developed and implemented strategies, controls and mitigation measures to identify current and developing risks as part of the risk management system. Risk management policies and procedures are embodied in our corporate governance, code of ethics and financial reporting controls and procedures. A variety of functional experts evaluate these business risks, attempting to mitigate and manage these risks on an ongoing basis.

Identified risks are subdivided into three types:

- A base business risk is specific to us or our industry and that threatens our current and existing business;
- A business growth risk is specific to us or our industry that threatens our future business growth; and
- An underlying business risk is not specific to us or our industry, but applies to a larger number of public companies.

All identified risks are evaluated based on their likelihood of occurring and their potential impact (estimated in monetary terms) in disrupting our progress in achieving our business objectives. The overall risk management goal is to identify risks that could significantly threaten our success and to allow management on a timely basis the opportunity to successfully implement mitigation actions. The results of the risk assessment, and any updates, are reported to the Audit Committee on a regular basis. A detailed risk reporting update is provided each quarter to the Audit Committee for specific risks that have been newly identified or have changed since the previous assessment. A detailed review of all underlying business risks is completed every year. At least once on an annual basis, the Supervisory Board discusses the corporate strategy and business risks as well as the results of an assessment by the Managing Board and the Audit Committee on the structure and operations of the internal risk management and control systems, including any significant changes.

Our corporate governance structure is based on a strong framework that outlines the responsibilities of our Managing and Supervisory Boards (discussed in more detail in the Corporate Governance Report) and the function of the Audit Committee of the Supervisory Board (discussed in more detail in the Corporate Governance Report). We maintain adequate internal controls over financial reporting to ensure the integrity of financial reporting. Additionally, a Compliance Committee operates under the leadership of the Chief Financial Officer, who is also a member of the Managing Board, that consists of senior executives from various functional areas who are responsible for ensuring compliance with legal and regulatory requirements, as well as overseeing the communication of corporate policies, including our Code of Ethics.

Risk Types	
Base Business Risk	• Identification and monitoring of competitive business threats • Monitoring complexity of product portfolio • Monitoring dependence on key customers for single product groups • Reviewing dependence on individual production sites or suppliers • Evaluating purchasing initiatives, price controls and changes to reimbursements • Monitoring production risks, including contamination prevention, high-quality product assurance • Ensuring ability to defend against intellectual property infringements and maintain competitive advantage after expiration
Business Growth Risk	• Managing development and success of key R&D projects • Managing successful integration of acquisitions to achieve anticipated benefits
Underlying Business Risk	• Evaluating financial risks, including economic risks and currency rate fluctuations • Monitoring financial reporting risks, including multi-jurisdiction tax compliance • Reviewing possible asset impairment events • Assessing compliance and legal risks, including safety in operations and environmental hazard risks, compliance with various regulatory bodies and pending product approvals • Monitoring risks of FCPA (Foreign Corrupt Practices Act) or antitrust concerns arising from a network of subsidiaries and distributors in foreign countries

The risks described below are listed in the order of our current view of their expected significance. Describing the risk factors in order of significance does not imply that a lower listed risk factor may not have a material adverse impact on our results of operations, liquidity or capital resources.

An inability to manage our growth, manage the expansion of our operations, or successfully integrate acquired businesses could adversely affect our business.

Our business has grown rapidly, with total net sales increasing to $1.30 billion in 2013 from $1.01 billion in 2009. We have made a series of acquisitions in recent years, including Ingenuity and CLC bio in 2013, Intelligent BioSystems and AmniSure in 2012, and Cellestis Ltd. and Ipsogen S.A. in 2011. We intend to identify and acquire other businesses in the future that support our strategy to build on our global leadership position in Sample & Assay Technologies. The successful integration of acquired businesses requires a significant effort and expense across all operational areas.

We have also made significant investments to expand our business operations. In January 2009, we purchased land adjacent to our facility in Germany and began a major expansion project in August 2009 to create additional facilities for research and development as well as to expand production capacity. This expansion project was completed in early 2012. In addition, we began activities in June 2010 to expand our facility in Germantown, Maryland, for research, production and administrative space, and these efforts were completed in 2013. These expansion projects have increased our fixed costs, resulting in higher operational costs in the short term that will negatively impact our gross profit and operating income until we more fully utilize the additional capacity of these planned facilities. In 2012, we added a subsidiary in Poland as part of the creation of a new global shared services center to gain economies of scale in various administrative functions. We also continue to upgrade our operating and financial systems and expand the geographic presence of our operations, which has resulted in the reallocation of existing resources or the hiring of new employees as well as increased responsibilities for both existing and new management personnel. As an example, in 2011 we established new subsidiaries in India and Taiwan, further expanding our presence in Asia. The rapid expansion of our business and the addition of new personnel may place a strain on our management and operational systems.

Our future operating results will depend on the ability of our management to continue to implement and improve our research, product development, manufacturing, sales and marketing and customer support programs, enhance our operational and financial control systems, expand, train and manage our employee base, integrate acquired businesses, and effectively address new issues related to our growth as they arise. There can be no assurance that we will be able to manage our recent or any future expansion or acquisitions successfully, and any inability to do so could have a material adverse effect on our results of operations.

Our acquisitions expose us to new risks, and we may not achieve the anticipated benefits of acquisitions of technologies and businesses.

During the past several years, we have acquired and integrated a number of companies through which we have gained access to new technologies, products and businesses that complement our internally developed product lines. In the future, we expect to acquire additional technologies, products or businesses to expand our operations. Acquisitions expose us to new operating and other risks, including risks associated with the:

- assimilation of new products, technologies, operations, sites and personnel;
- application for and achievement of regulatory approvals or other clearances;
- diversion of resources from our existing products, business and technologies;
- generation of sales to offset associated acquisition costs;
- implementation and maintenance of uniform standards and effective controls and procedures;
- maintenance of relationships with employees and customers and integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- amortization or impairment of acquired intangible assets or potential businesses; and
- exposure to liabilities of and claims against acquired entities.

Our failure to address the above risks successfully in the future may prevent us from achieving the anticipated benefits from any acquisition in a reasonable time frame, or at all.

Our continued growth is dependent on the development and success of new products.

Rapid technological change and frequent new product introductions are typical in the markets we serve. Our success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product and are reluctant to switch thereafter. To the extent that we fail to introduce new and innovative products, or such products suffer significant delays in development or are not accepted in the market, we may lose market share to our competitors, which will be difficult or impossible to regain. An inability to successfully develop and introduce new products, for technological or other reasons, could reduce our growth rate or otherwise have an adverse effect on our business. In the past, we have experienced delays in the development and introduction of products, including regulatory approvals, and we may experience delays in the future.

As a result, we cannot assure you that we will keep pace with the rapid rate of change in our markets or that our new products will adequately meet the requirements of the marketplace, achieve market acceptance or regulatory approval or compete successfully with competitive technologies. Some of the factors affecting market acceptance of new products include:

- availability, quality and price relative to competitive products;
- the timing of introduction of the new product relative to competitive products;
- opinions of the new product's utility;
- citation of the new product in published research;
- regulatory trends and approvals; and
- general trends in life sciences research, applied markets and molecular diagnostics.

The expenses or losses associated with unsuccessful product development activities or lack of market acceptance of our new products could materially adversely affect our business, financial condition and results of operations.

Important new product programs underway include our modular medium-throughput QIAsymphony automation platform, our offering of products for use in next-generation sequencing (NGS) and related Sample & Assay Technologies.

The speed and level of adoption of our QIAsymphony platform will affect sales not only of instrumentation but also of sample and assay kits designed to run on this system. The rollout of QIAsymphony is intended to drive the dissemination and increasing sales of sample and assay kits that run on this platform, and we are seeking regulatory approvals for a number of these new products. In turn, the availability and regulatory approval of more tests to run on QIAsymphony, especially molecular assays for specific diseases or companion diagnostics paired with new drugs, will influence the value of the instruments to prospective buyers. The risk of slower adoption of QIAsymphony or the complete QIAsymphony RGQ system could significantly affect sales of products designed to run on these platforms.

Our strategic initiative in NGS aims to drive the adoption of this technology in clinical research and diagnostics. It involves the development and ongoing commercialization of universal pre-analytic and bioinformatics products that can be used with any sequencing system as well as the development and future commercialization of the GeneReader™ benchtop NGS sequencer workflow. The market for next-generation sequencing instruments is very competitive, and the speed and level of adoption of our universal solutions and the GeneReader workflow will affect sales of our Sample & Assay Technologies.

Global economic conditions could adversely affect our business, results of operations and financial condition.

Our results of operations could be materially affected by adverse general conditions in the global economy and financial markets. In times of economic hardship or high unemployment, patients may decide to forgo or delay routine tests, in particular our HPV test used to screen women for risk of cervical cancer. Changes in the availability or reimbursement of our diagnostic testing products by insurance providers and healthcare maintenance organizations could also have a significant adverse impact on our results of operations.

Access to financing in the global financial markets has also been adversely affected for many businesses during the recent challenging economic times and public debt crisis. The uncertainty surrounding the resolution of the economic and sovereign debt crisis in Europe continues to have a negative impact on financial markets and economic conditions more generally. Our customers may face internal financing pressures that adversely impact spending decisions, the ability to purchase our products or that lead to a delay in collection of receivables and thus negatively impact our cash flow. A severe or prolonged economic downturn could result in a variety of risks to our business that would adversely impact our results of operations, including the reduction or delay in planned improvements to healthcare systems in various countries, the reduction of funding for life sciences research, and intensified efforts by governments and healthcare payors regarding cost-containment efforts.

Our results of operations could also be negatively impacted by any decisions by the U.S. Congress to implement automatic government spending cuts (sequestration) that may take effect (as they did in 2013). These conditions may add uncertainty to the timing and budget for investment decisions by our customers, particularly, researchers, universities, government

laboratories and private foundations whose funding is dependent upon grants from government agencies, such as the U.S. National Institutes of Health (NIH) and similar bodies.

As is the case for many businesses, we face the following risks in regard to financial markets:

- severely limited access to financing over an extended period of time, which may limit our ability to fund our growth strategy and could result in delays to capital expenditures, acquisitions or research and development projects;
- failures of currently solvent financial institutions, which may cause losses from our short-term cash investments or our hedging transactions due to a counterparty's inability to fulfill its payment obligations;
- inability to refinance existing debt at competitive rates, reasonable terms or sufficient amounts; and
- increased volatility or adverse movements in foreign currency exchange rates.

We may encounter delays in receipt, or limits in the amount, of reimbursement approvals and public health funding, which will impact our ability to grow revenues in the healthcare market or may negatively impact our profitability.

Third-party payors are often reluctant to reimburse healthcare providers for the use of medical tests that involve new technologies or provide novel diagnostic information. In addition, third-party payors are increasingly limiting reimbursement coverage for medical diagnostic products and, in many instances, are exerting pressure on diagnostic product suppliers to reduce their prices. Since each third-party payor often makes reimbursement decisions on an individual patient basis, obtaining such approvals is a time-consuming and costly process that requires us to provide scientific and clinical data supporting the clinical benefits of each of our products. As a result, there can be no assurance that reimbursement approvals will be obtained. This process can delay the broad market introduction of new products, and could have a negative effect on our results of operations. As a result, third-party reimbursement may not be consistent or financially adequate to cover the cost of our products. This could limit our ability to sell our products or cause us to reduce prices, which would adversely affect our results of operations.

Further, the ability of many of our customers to successfully market their products depends in part on the extent to which reimbursement for the costs of these products is available from governmental health administrations, private health insurers and other organizations. Governmental and other third-party payors are increasingly seeking to contain healthcare costs and to reduce the price of medical products and services. For example, in 2010 the United States enacted major healthcare reform legislation known as the Patient Protection and Affordable Care Act (ACA) which is expected to impact the scope and nature of Medicare reimbursement methods. As a result, the biotechnology, diagnostics and pharmaceutical industries are exposed to the potential risk of price controls by these entities. If there are not adequate reimbursement levels, our business and results of operations could be adversely affected.

Our concentration of a significant portion of revenues in products related to HPV testing increases our dependence on their success, our reliance on relationships with a relatively small number of customers particularly in the United States, and our reliance on a diversification strategy to increase sales in other product areas.

Contributions in 2013 from sales in the United States of our HPV test products represented approximately 10% of our total net sales. HPV testing applies a newer molecular-based approach that is different from the cytology-based approach (reviewing cells under a microscope) of the Pap test. Significant resources are required to educate physicians and laboratories about the patient benefits that can result from using HPV test products in addition to the Pap test, and to assist laboratory customers in learning how to use our HPV test products. The addition of our HPV test products to the Pap test for primary screening in the United States may be seen by some customers as adding unnecessary expense to traditional cervical cancer screening. As a result, our ability to grow revenues from HPV testing in the U.S. and around the world depends on providing information on the proven benefits of using our molecular technologies to identify women at risk for cervical cancer.

While the ultimate decision to order this test is made by physicians in consultation with their patients, in the U.S. the test analysis is generally performed by reference laboratories, who in turn are the customers of QIAGEN in terms of ordering tests and related equipment. At present, a limited number of reference laboratories in the U.S. account for the majority of HPV test sales. Should any of these reference laboratories make changes to their supplier arrangements, as we saw in 2013 with the consolidation of purchases of women's health diagnostics with a competitor supplier, our results of operations could be negatively impacted.

In times of economic hardship or high unemployment, patients may decide to forgo or delay routine tests. Further, the cost of HPV testing in the U.S. is reimbursed to reference laboratories by insurance providers and health maintenance organizations. If these insurance plans decide to limit the availability of payments for our test to their members, or if pricing is negatively

impacted as we experienced in 2013 following a move towards multi-year customer agreements in light of new competitor pricing actions, it could have a significant adverse impact on our results of operations. Growth in other areas through diversification and new product launches has reduced the proportion of total net sales coming from HPV tests in the U.S.; however, we could be at risk that under-performance of the HPV line or loss of a customer could materially affect results of operations.

Reduction in research and development budgets and government funding may result in reduced sales.

Our customers include researchers at pharmaceutical and biotechnology companies, academic institutions, and government and private laboratories. Fluctuations in the research and development budgets of these organizations could have a significant adverse effect on demand for our products. Research and development budgets are affected by changes in available resources, the mergers of pharmaceutical and biotechnology companies, changes in spending priorities and institutional budgetary policies. Our results of operations could be adversely affected by any significant decrease in expenditures for life sciences research and development by pharmaceutical and biotechnology companies, academic institutions, and government and private laboratories. In addition, short-term changes in administrative, regulatory or purchasing-related procedures can create uncertainties or other impediments that can have an adverse impact on our results of operations.

In recent years, the pharmaceutical and biotechnology industries have undergone substantial restructuring and consolidation. Additional mergers or consolidation within the pharmaceutical and biotechnology industries could cause us to lose existing customers and potential future customers, which could have a material adverse impact on our results of operations.

Approximately 25% of our sales are generated from demand for our products used in the Academia customer class by researchers at universities, government laboratories and private foundations, and whose funding is dependent upon grants from government agencies, such as the NIH. Although the level of research funding has been increasing in recent years, we cannot assure you that this trend will continue given federal and state budget constraints. Government funding of research and development is subject to the political process, which is inherently unpredictable. Future sales may be adversely affected if our customers delay purchases as a result of uncertainties regarding the approval of government or industrial budget proposals, including the 2013 sequestration. Also, government proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and government agencies in other countries that fund life sciences research and development activities. A reduction in government funding for the NIH or government research agencies in other countries could have a serious adverse impact on our results of operations.

Competition could reduce our sales.

We face various competitive factors against greater adoption of our products, in particular the use of “home-brew” or lab-developed methods, where widely available reagents and other chemicals are used in a non-standardized manner to perform sample and assay processing. We are also aware that a significant number of laboratory organizations and competitors are developing and using their own internally developed molecular tests. Some competitor companies may seek regulatory approvals from the U.S. Food and Drug Administration (FDA) or similar non-U.S. regulatory authorities and bring to the market alternative products that could limit the use of our products. The success of our business depends in part on the continued conversion of current users of “home brew” methods to our standardized Sample & Assay Technologies and products. There can be no assurance, however, as to the continued conversion of these potential customers.

We have experienced, and expect to continue to experience, increasing competition from companies that provide competitive pre-analytical solutions and also other products used by our customers. The markets for some of our products are very competitive and price sensitive. Other product suppliers may have significant advantages in terms of financial, operational, sales and marketing resources as well as experience in research and development. These companies may have developed, or could develop in the future, new technologies that compete with our products or even render our products obsolete. The development of products offering superior technology or a more cost-effective alternative to our products could have a material adverse effect on our results of operations.

We believe that customers in the market for pre-analytical sample technologies as well as for assay technologies display significant loyalty to their initial supplier of a particular product, in particular given the time and expense required by customers to properly integrate these products into their operations. As a result, it may be difficult to convert customers who have purchased products from competitors, and our competitive position may suffer if we are unable to be the first to develop and supply new products.

The time and expense needed to obtain regulatory approval and respond to changes in regulatory requirements could adversely affect our ability to commercially distribute our products and generate sales.

We and our customers operate in a highly regulated environment characterized by continuous changes in the governing regulatory framework, particularly for product approvals. Genetic research activities and products commonly referred to as

“genetically engineered” (such as certain food and therapeutic products) are subject to extensive governmental regulation in most developed countries, especially in the major markets for pharmaceutical and diagnostic products such as the European Union, the U.S. and Japan. In recent years, several highly publicized scientific events (most notably in genomic research and “cloning”) have prompted intense public debates on the ethical, philosophical and religious implications of an unlimited expansion in genetic research and the use of products emerging from this research. As a result of this debate, some key countries may increase existing regulatory barriers, which could adversely affect demand for our products and prevent us from fulfilling our growth expectations. Furthermore, there can be no assurance that any future changes of applicable regulations will not require further expenditures or an alteration, suspension or liquidation of our operations in certain areas, or even in their entirety.

Changes in the existing regulations or adoption of new requirements or policies could adversely affect our ability to sell our approved products or to seek approvals for new products in other countries around the world. Sales of certain products now in development may be dependent upon us successfully conducting pre-clinical studies, clinical trials and other tasks required to gain regulatory approvals. These trials could be subject to extensive regulation by governmental authorities in the U.S., particularly the FDA, and regulatory agencies in other countries. These trials involve substantial uncertainties and could impact customer demand for our products.

In addition, certain products, especially those intended for use in *in vitro* diagnostics applications, require regulatory approvals in various countries. For example, since the European Union Directive 98/79/EC on *in vitro* diagnostic medical devices (EU-IvD-D) went into effect in 2003, all products and kits used for *in vitro* diagnostic applications must be compliant with this directive. In addition to high-risk products such as HIV testing systems (list A of Annex II of the directive) or blood glucose testing systems (list B of Annex II of the directive), nucleic acid purification products, which are used in diagnostic workflows, are affected by this regulatory framework. The major goals of this directive are to standardize diagnostic procedures within the European Union, to increase reliability of diagnostic analysis and to enhance patient safety. If we fail to obtain any required clearance or approvals, it could significantly damage our business in these markets.

Several of our key products and programs are medical devices subject to extensive regulation by the FDA under the U.S. Food, Drug and Cosmetic Act. We plan to apply for FDA clearance or approval of additional products in the future as medical devices. Regulatory agencies in other countries also have medical device approval regulations that are becoming more extensive. These regulations govern most commercial activities associated with medical devices, including indications for the use of these products as well as other aspects that include product development, testing, manufacturing, labeling, storage, record-keeping, advertising and promotion. Compliance with these regulations is expensive and time-consuming.

Each medical device that we wish to distribute commercially in the U.S. will likely require us to seek either 510(k) clearance or approval of a pre-market approval application (PMA) from the FDA prior to marketing the device for *in-vitro* diagnostic use. Clinical trials related to our regulatory submissions take years to complete and represent a significant expense. The 510(k) clearance pathway usually takes from three to 12 months, but can take longer. The PMA pathway is more costly, lengthy and uncertain, and can take from one to three years, or longer. For example, it took more than four years to receive pre-market approval from the FDA for our HPV test product for use as a test for the presence of HPV in women with equivocal Pap test results and pre-market approval for the use of our HPV test as a primary adjunctive cervical cancer screening test to be performed in combination with the Pap test for women age 30 and older. The uncertain time period required for regulatory review increases our costs to develop new products and increases the risk that we will not succeed in introducing or selling new products in the U.S.

Our cleared or approved devices, including our diagnostic tests and related equipment, are subject to numerous post-approval requirements. We are subject to inspection and marketing surveillance by the FDA to determine our compliance with regulatory requirements. If the FDA determines that we have failed to comply, it can institute a wide variety of enforcement actions, ranging from warning letters to more severe sanctions such as fines, injunctions and civil penalties, recalls or seizures of our products, operating restrictions, partial suspension or total shutdown of production, denial of our requests for 510(k) clearance or pre-market approval of product candidates, withdrawal of 510(k) clearance or pre-market approval already granted and criminal prosecution. Any enforcement action by the FDA may affect our ability to commercially distribute these products in the U.S.

Some of our products are sold for research purposes in the U.S. We do not promote these products for clinical diagnostic use, and they are labeled “For Research Use Only” (RUO) or “for molecular biology applications.” If the FDA were to disagree with our designation of a product, we could be forced to stop selling the product until appropriate regulatory clearance or approval has been obtained. Further, some of our products are used in “Laboratory-Developed Tests” (LDTs), where laboratories use our materials for assays manufactured, validated and performed in house. We do not promote these products for clinical diagnostic use.

Further, the FDA has publicly announced its intention to begin regulating lab-developed tests in a phased-in approach, but details of proposed regulations have not yet emerged. LDTs represent the majority of molecular tests currently in use in terms of volume, and our automation systems - particularly the QIAsymphony platform - are designed to accommodate the automation and validation of these tests. On the other hand, laboratories creating LDTs may use some of our materials in their tests. We do not promote these products for clinical diagnostic use, but if the FDA were to stop the use of LDTs or significantly limit their area of application, sales of some of our products in the U.S. could be adversely affected. The flexibility to handle LDTs is an advantage for our instruments, particularly the QIAsymphony automation system. On the consumables side, however, LDTs can at times create competition to our own commercially approved tests. We are pursuing a strategy of developing new content for our platforms partly by seeking regulatory approvals for new assays that incorporates approvals for these tests to run on QIAGEN instruments. We believe standardized tests that pass regulatory scrutiny and are clinically validated are highly attractive to reference laboratories and healthcare providers in our Molecular Diagnostics customer class, and also to customers in Pharma and Academia who rely on molecular assays to research and develop new products. At this point the ultimate impact of potential new FDA policies on LDTs is uncertain.

We rely on collaborative commercial relationships to develop some of our products.

Our long-term business strategy involves entering into strategic alliances as well as marketing and distribution arrangements with academic, corporate and other partners relating to the development, commercialization, marketing and distribution of certain of our existing and potential products. We may be unable to continue to negotiate these collaborative arrangements on acceptable terms, and these relationships also may not be scientifically or commercially successful. In addition, we may be unable to maintain these relationships, and our collaborative partners may pursue or develop competing products or technologies, either on their own or in collaboration with others.

For example, our Personalized Healthcare business includes projects with pharmaceutical and biotechnology companies to co-develop companion diagnostics paired with drugs that those companies either market currently or are developing for future use. The success of these co-development programs, including regulatory approvals for the companion diagnostics, depends upon the continued commitment of our partners to the development of those drugs, the outcome of clinical trials for the drugs and diagnostics, and regulatory approvals of the paired diagnostic tests and drugs. In addition, the future level of sales for companion diagnostics that we bring to market depends to a high degree on the commercial success of the related medicines for which the tests have been designed to be used for determining their use in patients. More companion diagnostics would be sold in combination with a widely prescribed drug than a drug with limited use. Hence, the future success of these diagnostics depends on our Pharma partners' commercialization actions and success.

Some of our customers are requiring us to change our sales arrangements to lower their costs, and this may limit our pricing flexibility and harm our business.

Some of our customers have developed purchasing initiatives to reduce the number of vendors from which they purchase products to lower their supply costs. In some cases, these customers have established agreements with large distributors, which include discounts and direct involvement in the distributor’s purchasing process. These activities may force us to supply large distributors with our products at discounts in order to continue providing products to some customers. For similar reasons, many larger customers, including the U.S. government, have requested, and may request in the future, special pricing arrangements, which can include blanket purchase agreements. These agreements may limit our pricing flexibility, which could harm our business and affect our results of operations. For a limited number of customers, and at the customer’s request, we have conducted sales transactions through third-party online intermediaries to whom we are required to pay commissions. If sales grow through these intermediaries, it could have an adverse impact on our results of operations, particularly a negative impact on our gross profit.

Our global operations may be affected by actions of governments, global or regional economic developments, weather or transportation delays, natural disasters or other force majeure events (collectively, unforeseen events) which may negatively impact our suppliers, our customers or us.

Our business involves operations around the world. Our consumable manufacturing facilities are located in Germany, China, France, the United Kingdom and the U.S. We have established sales subsidiaries in numerous countries and our products are sold through independent distributors serving more than 40 additional countries. Our facilities may be harmed by unforeseen events, and in the event we or our customers are affected by a disaster, we may experience delays or reductions in sales or production, or increased costs, or may be required to identify alternate suppliers or rely on third-party manufacturers.

To the extent that our suppliers are impacted by a natural disaster or other disruption, we may experience periods of reduced production. Any unexpected interruptions in our production capabilities may lead to delayed or lost sales and may adversely affect our results of operations for the affected period.

In addition, to the extent we temporarily shutdown any facility following such an unforeseen event, we may experience disruptions in our ability to ship products to customers or otherwise operate our business as a result of the unforeseen event.

While our global operations give us the ability to ship product from alternative sites, we may not be able to do so because our customers' facilities are shutdown or the local logistics infrastructure is not functioning, and our sales will suffer.

Damage to our property due to unforeseen events and the disruption of our business from casualties may be covered by insurance, but this insurance may not be sufficient to cover all of our potential losses and such insurance may not continue to be available to us on acceptable terms, or at all. In addition, we may incur incremental costs following an unforeseen event which will reduce profits and adversely affect our results of operations.

We depend on suppliers for materials used to manufacture our products, and if shipments from these suppliers are delayed or interrupted, we may be unable to manufacture our products.

We buy materials to create our products from a number of suppliers and are not dependent on any one supplier or group of suppliers for our business as a whole. However, key components of certain products, including certain instrumentation components and chemicals, are available only from a single source. If supplies from these vendors are delayed or interrupted for any reason, we may not be able to obtain these materials timely or in sufficient quantities or qualities in order to produce certain products, and this could have an adverse impact on our results of operations.

We heavily rely on air cargo carriers and other overnight logistics services, and shipping delays or interruptions could harm our business.

Our customers in the scientific research markets typically only keep a modest inventory of our products on hand, and consequently require overnight delivery of purchases. As a result, we heavily rely on air cargo carriers and logistic suppliers. If overnight services are suspended or delayed, and other delivery carriers and logistic suppliers cannot provide satisfactory services, customers may suspend a significant amount of their work. The lack of adequate delivery alternatives would have a serious adverse impact on our results of operations.

Our success depends on the continued employment of qualified personnel, any of whom we may lose at any time.

Although we have not experienced any difficulties attracting or retaining management and scientific staff, our ability to recruit and retain qualified, skilled employees will continue to be critical to our success. Given the intense competition for experienced scientists and managers among pharmaceutical and biotechnology companies as well as academic and other research institutions, there can be no assurance that we will be able to attract and retain employees critical to our success on acceptable terms. Initiatives to expand QIAGEN will also require additional employees, including management with expertise in areas such as manufacturing and marketing, and the development of existing managers to lead a growing organization. The failure to recruit and retain qualified employees, or develop existing employees, could have a material adverse impact on our results of operations.

Our ability to accurately forecast our results during each quarter may be negatively impacted by the fact that a substantial percentage of our sales may be recorded in the final weeks or days of the quarter.

The markets we serve are typically characterized by a high percentage of purchase orders being received in the final few weeks or even days of each quarter. Although this varies from quarter to quarter, many customers make a large portion of their purchase decisions late in each quarter, in particular because it is during this period that they receive new information on both their budgets and requirements. As a result, even late in each quarter, we cannot predict with certainty whether our sales forecasts for the quarter will be achieved.

Historically, we have been able to rely on the overall pattern of customer purchase orders during prior periods to project with reasonable accuracy our anticipated sales for the current or coming quarters. However, if customer purchasing trends during a quarter vary from historical patterns as may occur with changes in market conditions, our quarterly financial results could deviate significantly from our projections. As a result, our sales forecasts for any given quarter may prove not to have been accurate. We also may not have sufficient, timely information to confirm or revise our sales projections for a specific quarter. If we fail to achieve our forecasted sales for a particular quarter, the value of our Common Shares could be adversely affected.

Changes in tax laws or their application could adversely affect our results of operations.

Changes in tax laws or their application with respect to matters such as changes in tax rates, transfer pricing and income allocation, utilization of tax loss carry forwards, intercompany dividends, controlled corporations, and limitations on tax relief allowed on the interest on intercompany debt, and changes to tax credit mechanisms, could increase our effective tax rate and adversely affect our results of operations. Additionally, changes in other laws, such as the U.S. health care reform legislation that was signed into law in the U.S. in 2010, may subject us to additional excise taxes. The increased tax burden as a result of changes in law may adversely affect our results of operations.

We have a significant amount of debt that may adversely affect our financial condition.

We have a significant amount of debt and debt service obligations. A high level of indebtedness increases the risk that we may default on our debt obligations. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on

our debt or that future working capital, borrowings or equity financing will be available to repay or refinance our debt. If we are unable to generate sufficient cash flow to pay the interest on our debt, we may have to delay or curtail our research and development programs. The level of our indebtedness could, among other things:

- make it difficult for us to make required payments on our debt;
- make it difficult for us to obtain any financing in the future necessary for working capital, capital expenditures, debt service requirements or other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- make us more vulnerable in the event of a downturn in our business.

Our business may require substantial additional capital, which we may not be able to obtain on terms acceptable to us, if at all.

Our future capital requirements and level of expenses will depend upon numerous factors, including the costs associated with:

- marketing, sales and customer support efforts;
- research and development activities;
- expansion of our facilities;
- consummation of possible future acquisitions of technologies, products or businesses;
- demand for our products and services; and
- repayment or refinancing of debt.

We currently anticipate that our short-term capital requirements will be satisfied by cash flow from our operations. As of December 31, 2013, we had outstanding long-term loan facilities of approximately $845.5 million, of which $0.2 million was current and due in 2013. Furthermore, as of December 31, 2013, we had finance lease obligations, including the current portion, of $16.3 million, that expire in various years through 2018. We may need to refinance all or part of these liabilities before or at their contractual maturities.

We currently do not foresee that this will happen, but if at some point in time our existing resources should be insufficient to fund our activities, we may need to raise funds through public or private debt or equity financings. The funds for the refinancing of existing liabilities or for the ongoing funding of our business may not be available or, if available, not on terms acceptable to us. If adequate funds are not available, we may be required to reduce or delay expenditures for research and development, production, marketing, capital expenditures and/or acquisitions, which could have a material adverse effect on our business and results of operations. To the extent that additional capital is raised through the sale of equity or convertible securities, the issuance of any securities could result in dilution to our shareholders.

An impairment of goodwill and intangible assets could reduce our earnings.

At December 31, 2013, our consolidated balance sheet reflected approximately $1.9 billion of goodwill and approximately $875.6 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair value of the tangible and separately measurable intangible net assets. We are required to test goodwill for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, such as intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment review often cannot be done at the level of the individual asset and it must instead be applied to a group of assets. For the purpose of our annual goodwill impairment testing based on the current circumstances of how we manage our business, this group of assets is the Company as a whole. If we determine that any of our goodwill or intangible assets were impaired, we will be required to take an immediate charge to earnings and our results of operations could be adversely affected.

Exchange rate fluctuations may adversely affect our business and operating results.

Because we currently market our products throughout the world, a significant portion of our business is conducted in currencies other than the U.S. dollar, our presentation currency. As a result, fluctuations in value, relative to the U.S. dollar, of the currencies in which we conduct our business have caused and will continue to cause foreign currency transaction gains and losses. Foreign currency transaction gains and losses arising from normal business operations are charged against earnings in the period when incurred. We economically hedge a portion of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effects of future exchange rate fluctuations. While we may engage in foreign exchange hedging transactions to manage our foreign currency exposure, there

can be no assurance that our hedging strategy will adequately protect our operating results from the effects of future exchange rate fluctuations.

Our strategic equity investments may result in losses.

We have made, and may continue to make, strategic investments in businesses as opportunities arise. We periodically review the carrying value of these investments for impairment, considering factors that include the most recent stock transactions, book values from the most recent financial statements, and forecasts and expectations of the investee. The results of these valuations may fluctuate due to market conditions and other conditions over which we have no control.

Estimating the fair value of non-marketable equity investments in life science companies is inherently subjective. If actual events differ from our assumptions and other than temporary unfavorable fluctuations in the valuations of the investments are indicated, we could be required to write-down the investment. This could result in future charges on our earnings that could materially adversely affect our results of operations. It is uncertain whether or not we will realize any long-term benefits from these strategic investments.

Doing business internationally creates certain risks.

Our business involves operations in several countries outside of the U.S. Our consumable manufacturing facilities are located in Germany, China, France, the United Kingdom and the U.S. We source raw materials and subcomponents to manufacture our products from different countries. We have established sales subsidiaries in numerous countries including the U.S., Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, the Netherlands, Sweden, Italy, Hong Kong, Singapore, Turkey, South Korea, Taiwan, Malaysia, China, Spain, Brazil, Mexico and India. In addition, our products are sold through independent distributors serving more than 40 other countries. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. If we fail to coordinate and manage these activities effectively, our business and results of operations will be adversely affected.

Our operations are subject to other risks inherent in international business activities, such as general economic conditions in the countries in which we operate, longer accounts receivable payment cycles in certain countries, overlap of different tax structures, unexpected changes in regulatory requirements, and compliance with a variety of foreign laws and regulations. Other risks associated with international operations include import and export licensing requirements, trade restrictions, exchange controls and changes in tariff and freight rates, as may occur as a result of rising energy costs. As a result of these conditions, an inability to successfully manage our international operations could have a material adverse impact on our business and results of operations.

Our business in countries with a history of corruption and transactions with foreign governments increase the risks associated with our international activities.

Based on our international operations, we are subject to the U.S. Foreign Corrupt Practices Act (FCPA) the U.K. Bribery Act and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by business entities for the purpose of obtaining or retaining business. We have operations, agreements with third parties and make sales in countries known to experience corruption. Further international expansion may involve increased exposure to such practices. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or distributors that could be in violation of various laws, including the FCPA, even though these parties are not always subject to our control. It is our policy to implement safeguards to discourage these practices by our employees and distributors including online and in-person employee trainings, periodic internal audits and standard reviews of our distributors. However, our existing safeguards and any future improvements may not prove to be effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Violations of the FCPA and other laws may result in criminal or civil sanctions, which could be severe, and we may be subject to other liabilities, which could negatively affect our business, results of operations and financial condition.

We have made investments in and are expanding our business into emerging markets, which exposes us to risks.

Our top seven emerging markets are Brazil, Russia, India, China, South Korea, Mexico and Turkey, which together accounted for approximately 14% of total sales in 2013, and we expect to continue to focus on expanding our business in these or other fast-growing markets. In addition to the currency and international operation risks described above, our international operations are subject to a variety of risks that include those arising out of the economy, political outlook and language and cultural barriers in countries where we have operations or do business. In many of these emerging markets, we may be faced with several risks that are more significant than in other countries in which we have a history of doing business. These risks include economies that may be dependent on only a few products and are therefore subject to significant fluctuations, weak legal systems which may affect our ability to enforce contractual rights, exchange controls, unstable governments, and privatization

or other government actions affecting the flow of goods and currency. In conducting our business, we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that could have significant negative impacts on our results of operations.

We depend on patents and proprietary rights that may fail to protect our business.

Our success depends to a large extent on our ability to develop proprietary products and technologies and to establish and protect our patent and trademark rights in these products and technologies. As of December 31, 2013, we owned 233 issued patents in the United States, 156 issued patents in Germany and 889 issued patents in other major industrialized countries. In addition, at December 31, 2013, we had 996 pending patent applications, and we intend to file applications for additional patents as our products and technologies are developed. The patent positions of technology-based companies involve complex legal and factual questions and may be uncertain, and the laws governing the scope of patent coverage and the periods of enforceability of patent protection are subject to change. In addition, patent applications in the United States are maintained in secrecy until patents issue, and publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months. Therefore, no assurance can be given that patents will issue from any patent applications that we own or license or if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, no assurance can be given that any issued patents that we own or license will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us competitive advantages. Further, as issued patents expire, we may lose some competitive advantage as others develop competing products and as a result, we may lose revenue.

A significant portion of HPV-related intellectual property is in the public domain, while additional HPV-related intellectual property is subject to our patents some of which will begin to expire in the next few years or are licensed to us on a non-exclusive basis. As a result, other companies have developed or may develop HPV detection tests.

Certain of our products incorporate patents and technologies that are licensed from third parties and for certain products, these in-licensed patents together with other patents provide us with a competitive advantage. These licenses impose various commercialization, sublicensing and other obligations on us. Our failure to comply with these requirements could result in the conversion of the applicable license from being exclusive to non-exclusive or, in some cases, termination of the license, and as a result, we may lose some competitive advantage and experience a loss of revenue.

We also rely on trade secrets and proprietary know-how, which we seek to protect through confidentiality agreements with our employees and consultants. There can be no assurance that any confidentiality agreements that we have with our employees, consultants, outside scientific collaborators and sponsored researchers and other advisors will provide meaningful protection for our trade secrets or adequate remedies in the event of unauthorized use or disclosure of such information. There also can be no assurance that our trade secrets will not otherwise become known or be independently developed by competitors.

We currently engage in, and may continue to engage in, collaborations with academic researchers and institutions. There can be no assurance that under the terms of such collaborations, third parties will not acquire rights in certain inventions developed during the course of these collaborations.

We are subject to risks associated with patent litigation.

The biotechnology industry has been characterized by extensive litigation regarding patents and other intellectual property rights. We are aware that patents have been applied for and/or issued to third parties claiming technologies for the sample and assay technologies that are closely related to those we use. From time to time, we receive inquiries requesting confirmation that we do not infringe patents of third parties. We endeavor to follow developments in this field, and we do not believe that our technologies or products infringe any proprietary rights of third parties. However, there can be no assurance that third parties will not challenge our activities and, if so challenged, that we will prevail. In addition, the patent and proprietary rights of others could require that we alter our products or processes, pay licensing fees or cease certain activities, and there can be no assurance that we will be able to license any technologies that we may require on acceptable terms. In addition, litigation, including proceedings that may be declared by the U.S. Patent and Trademark Office or the International Trade Commission, may be necessary to respond to any assertions of infringement, enforce our patent rights and/or determine the scope and validity of our proprietary rights or those of third parties. Litigation could involve substantial cost, and there can be no assurance that we would prevail in any proceedings.

Our business exposes us to potential product liability.

The marketing and sale of our products and services for certain applications entail a potential risk of product liability. Although we are not currently subject to any material product liability claims, product liability claims may be brought against us in the future. Further, there can be no assurance that our products will not be included in unethical, illegal or inappropriate research or

applications, which may in turn put us at risk of litigation. We carry product liability insurance coverage, which is limited in scope and amount. There can be no assurance that we will be able to maintain this insurance at a reasonable cost and on reasonable terms, or that this insurance will be adequate to protect us against any or all potential claims or losses.

We are subject to various laws and regulations generally applicable to businesses in the different jurisdictions in which we operate, including laws and regulations applicable to the handling and disposal of hazardous substances. The risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could have a material adverse impact on us.

Our operating results may vary significantly from period to period and this may affect the market price of our Common Shares.

Our operating results may vary significantly from quarter to quarter, and also from year to year, since they are dependent upon a broad range of factors that include demand for our products, the level and timing of customer research budgets and commercialization efforts, the timing of government funding budgets of our customers, the timing of our research and development activities and related regulatory approvals, the impact of sales and marketing expenses, the introduction of new products by us or our competitors, competitive market conditions, exchange rate fluctuations and general economic conditions. Our expense levels are based in part on our expectations as to future sales trends. As a result, sales and earnings may vary significantly from quarter to quarter or from year to year, and actual sales and earnings results in any one period will not necessarily be indicative of results to be anticipated in subsequent periods. Our results may also fail to meet or exceed the expectations of securities analysts or investors, which could cause a decline in the market price of our Common Shares.

Our holding company structure makes us dependent on the operations of our subsidiaries.

QIAGEN N.V. is incorporated under Dutch law as a public limited liability company (*naamloze vennootschap*), and is organized as a holding company. Currently, the material assets are the outstanding shares of the QIAGEN subsidiaries, intercompany receivables and other financial assets such as cash and short-term investments. As a result, QIAGEN N.V. is dependent upon payments, dividends and distributions from the subsidiaries for funds to pay operating and other expenses as well as to pay future cash dividends or distributions, if any, to holders of our Common Shares. Dividends or distributions by subsidiaries in a currency other than the U.S. dollar may result in a loss upon a subsequent conversion into U.S. dollars.

U.S. civil liabilities may not be enforceable against us.

We are incorporated under Dutch law, and substantial portions of our assets are located outside of the U.S. In addition, certain members of our Managing and Supervisory Boards and our officers reside outside the U.S. As a result, it may be difficult for investors to effect service of process within the U.S. upon us or such other persons, or to enforce outside the U.S. any judgments obtained against such persons in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. securities laws.

In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the U.S., rights predicated upon the U.S. securities laws. There is no treaty between the U.S. and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. As a result, a final judgment for the payment of money rendered by any federal or state court in the U.S. based on civil liability, whether or not predicated solely upon the federal securities laws, would not be directly enforceable in the Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in the Netherlands, such party may submit to the Dutch court the final judgment which has been rendered in the U.S. If the Dutch court finds that the jurisdiction of the federal or state court in the U.S. has been based on grounds that are internationally acceptable and that proper legal procedures have been observed, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in the U.S. without substantive re-examination or re-litigation on the merits of the subject matter thereof, unless such judgment contravenes Dutch principles of public policy. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us, members of our Managing or Supervisory Boards, or officers who are residents of the Netherlands or countries other than the U.S. any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the federal securities laws. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our Managing or Supervisory Boards, or our officers in an original action predicated solely upon the federal securities laws of the U.S. brought in a court of competent jurisdiction in the Netherlands against us or such members or officers, respectively.

Our Common Shares may have a volatile public trading price.

The market price of our Common Shares since our initial public offering in September 1996 has increased significantly and been highly volatile. In the last two years, the price of our Common Shares has ranged from a high of $24.74 to a low of $14.05

on NASDAQ, and a high of €18.15 to a low of €10.69 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors that may have a significant impact on the price of our Common Shares include:

- announcements of technological innovations or the introduction of new products by us or our competitors;
- developments in our relationships with collaborative partners;
- quarterly variations in our operating results or those of our peer companies;
- changes in government regulations, tax laws or patent laws;
- developments in patent or other intellectual property rights;
- developments in government spending budgets for life sciences-related research;
- general market conditions relating to the diagnostics, applied testing, pharmaceutical and biotechnology industries; and
- impact from foreign exchange rates.

The stock market has from time to time experienced extreme price and trading volume fluctuations that have particularly affected the market for technology-based companies. These fluctuations have not necessarily been related to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our Common Shares.

Holders of our Common Shares should not expect to receive dividend income.

We have not paid cash dividends since our inception and do not anticipate paying any cash dividends on our Common Shares for the foreseeable future. Although we do not anticipate paying any cash dividends, the distribution of any cash dividends in a currency other than the U.S. dollar will be subject to the risk of foreign currency transaction losses. Investors should not invest in our Common Shares if they are seeking dividend income; the only return that may be realized through investing in our Common Shares would be through an appreciation in the share price.

Future sales and issuances of our Common Shares could adversely affect our stock price.

Any future sale or issuance of a substantial number of our Common Shares in the public market, or any perception that a sale may occur, could adversely affect the market price of our Common Shares. Under Dutch law, a company can issue shares up to its authorized share capital provided for in its Articles of Association. Pursuant to our Articles of Association, our authorized share capital amounts to EUR 9.0 million, which is divided into 410.0 million common shares, 40.0 million financing preference shares and 450.0 million preference shares, with all shares having a EUR 0.01 par value. As of December 31, 2013, a total of approximately 233.9 million Common Shares were outstanding along with approximately 13.1 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 2.3 million were vested. A total of approximately 16.4 million Common Shares are reserved and available for issuances under our stock plans as of December 31, 2013, including the shares subject to outstanding stock options and awards. The majority of our outstanding Common Shares may be sold without restriction, except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26.5 million Common Shares, subject to adjustments in certain cases.

Shareholders who are United States residents could be subject to unfavorable tax treatment.

We may be classified as a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes if certain tests are met. Our treatment as a PFIC could result in a reduction in the after-tax return to holders of Common Shares and would likely cause a reduction in the value of these shares. If we were determined to be a PFIC for U.S. federal income tax purposes, highly complex rules would apply to our U.S. shareholders. We would be considered a PFIC with respect to a U.S. shareholder if for any taxable year in which the U.S. shareholder held the Common Shares, either (i) 75% or more of our gross income for the taxable year is passive income; or (ii) the average value of our assets (during the taxable year) which produce or are held for the production of passive income is at least 50% of the average value of all assets for such year. Based on our income, assets and activities, we do not believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2013, and do not expect to be a PFIC for the current taxable year or any future taxable year. No assurances can be made, however, that the Internal Revenue Service will not challenge this position or that we will not subsequently become a PFIC. In countries outside the U.S., other or similar tax regimes may apply and result in unfavorable tax treatment for any dividends received.

Provisions of our Articles of Association and Dutch law and an option we have granted may make it difficult to replace or remove management and may inhibit or delay a takeover.

Our Articles of Association (Articles) provide that our shareholders may only suspend or dismiss our Managing Directors and Supervisory Directors against their wishes with a vote of two-thirds of the votes cast if such votes represent more than 50% of our issued share capital. If the proposal was made by the joint meeting of the Supervisory Board and the Managing Board, a simple majority is sufficient. The Articles also provide that if the members of our Supervisory Board and our Managing Board have been nominated by the joint meeting of the Supervisory Board and Managing Board, shareholders may only overrule this nomination with a vote of two-thirds of the votes cast if such votes represent more than 50% of our issued share capital.

Certain other provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our Common Shares through the issuance of Preference Shares. Pursuant to our Articles and the resolution adopted by our General Meeting of Shareholders, our Supervisory Board is entitled to issue Preference Shares in case of an intended takeover of our company by (i) any person who alone or with one or more other persons, directly or indirectly, have acquired or given notice of an intent to acquire (beneficial) ownership of an equity stake which in aggregate equals 20% or more of our share capital then outstanding or (ii) an "adverse person" as determined by the Supervisory Board. If the Supervisory Board opposes an intended takeover and authorizes the issuance of Preference Shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and/or Supervisory Board and agree on a higher bid price for our Shares.

In 2004, we granted an option to the Stichting Preferente Aandelen QIAGEN, or the Foundation (*Stichting*), subject to the conditions described in the paragraph above, which allows the Foundation to acquire Preference Shares from us. The option enables the Foundation to acquire such number of Preference Shares as equals the number of our outstanding Common Shares at the time of the relevant exercise of the option, less one Preference Share. When exercising the option and exercising its voting rights on these Preference Shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders. An important restriction on the Foundation's ability to prevent or delay a change of control is that a public offer must be announced by a third party before it can issue (preference or other) protective shares that would enable the Foundation to exercise rights to 30% or more of the voting rights without an obligation to make a mandatory offer for all shares held by the remaining shareholders. In addition, the holding period for these shares by the Foundation is restricted to two years, and this protective stake must fall below the 30% voting rights threshold before the two-year period ends.

Note Regarding Forward-Looking Statements and Risk Factors

Our future operating results may be affected by various risk factors, many of which are beyond our control. Certain statements included in this Annual Report and the documents incorporated herein by reference may be forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, including statements regarding potential future net sales, gross profit, net income and liquidity. These statements can be identified by the use of forward-looking terminology such as "believe," "hope," "plan," "intend," "seek," "may," "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements. 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. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth in the risk factors below. As a result, our future success involves a high degree of risk. When considering forward-looking statements, you should keep in mind that the risk factors could cause our actual results to differ significantly from those contained in any forward-looking statement.

Significant direct and indirect shareholdings

The following table sets forth certain information as of December 31, 2013, concerning the ownership of Common Shares of each holder of greater than 5% ownership. None of these holders have any different voting rights than other holders of our Common Shares.

Name and Country of Residence	Shares Beneficially Owned Number		Percent Ownership [1]
PRIMECAP Management Company	19,385,944	(2)	8.29%
BlackRock, Inc., United States	17,651,384	(3)	7.55%

(1) The percentage ownership was calculated based on 233,890,118 Common Shares outstanding as of December 31, 2013.

(2) Of the 19,385,944 shares attributed to PRIMECAP Management Company, it has sole voting power and sole dispositive power over all 19,385,944 shares. This information is based solely on the Schedule 13G filed by PRIMECAP Management Company with the Securities and Exchange Commission on February 14, 2014, which reported ownership as of December 31, 2013.

(3) Of the 17,651,384 shares attributed to BlackRock, Inc., it has sole voting power and sole dispositive power over all 17,651,384 shares. This information is based solely on the Schedule 13G filed by BlackRock, Inc. with the Securities and Exchange Commission on February 14, 2014, which reported ownership as of December 31, 2013.

Our common stock is traded on the NASDAQ Global Select Market in the United States and on the Prime Standard Segment of the Frankfurt Stock Exchange in Germany. A significant portion of our shares are held electronically in the account of a stockbroker, therefore we generally have no way of determining who our shareholders are, their geographical location or how many shares a particular shareholder owns. As of January 31, 2014, there were 175 shareholders of record of our Common Shares.

Holders of any securities with special control rights

Not applicable.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Not applicable.

Restrictions on voting rights

At the General Meeting, each share shall confer the right to cast one vote, unless otherwise provided by law or the Articles. No votes may be cast in respect of shares that we or our subsidiaries hold, or by usufructuaries and pledges of shares. All shareholders and other persons entitled to vote at General Meetings are entitled to attend General Meetings, to address the meeting and to vote. They must notify the Managing Board in writing of their intention to be present or represented not later than on the third day prior to the day of the meeting, unless the Managing Board permits notification within a shorter period of time prior to any such meeting. Subject to certain exceptions, resolutions may be passed by a simple majority of the votes cast.

Agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights

Not applicable.

Rules governing the appointment and replacement of board members and the amendment of the articles of association

Supervisory Directors and Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year.

Managing Directors shall be appointed by the general meeting upon the joint meeting of the Supervisory board and the Managing Board, or Joint Meeting, having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which give the directors of a corporation greater authority in choosing the executive officers of a corporation. Under our Articles, the general meeting may suspend or dismiss a managing director at any time. The Supervisory Board shall also at all times be entitled to suspend (but not to dismiss) a Managing Director. The Articles provide that the Supervisory Board may adopt management rules governing the internal organization of the Managing Board.

The Supervisory Directors shall be appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. If during a financial year a vacancy occurs in the Supervisory Board, the Supervisory Board may appoint a Supervisory Director who will cease to hold office at the next Annual General Meeting. Under Dutch law and the Dutch Corporate Governance Code, a Supervisory Director must excuse him or herself in the case of any conflict of interest. Decisions to enter into transactions under which a Supervisory Director would have a conflict of interest that are of material significance to QIAGEN and/or to the Supervisory Director concerned, require the approval of the Supervisory Board. Under our Articles, the General Meeting may suspend or dismiss a Supervisory Director at any time. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which provides that directors may vote to fill vacancies in the board of directors of a corporation.

The Selection and Appointment Committee prepares the selection criteria and appointment procedures for members of our Supervisory Board and the Managing Board; periodically evaluates the scope and composition of the Managing Board and Supervisory Board and proposes the profile of the Supervisory Board in relation thereto. Additionally, the Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board and reports the results thereof to the Supervisory Board and proposes the (re-)appointments of members of our Managing Board and Supervisory Board. The Committee prepares and submits to the Supervisory Board on an annual basis a report of its deliberations and findings.

A resolution of the General Meeting to amend the Articles, dissolve QIAGEN, issue shares or grant rights to subscribe for shares or limit or exclude any pre-emptive rights to which shareholders shall be entitled is valid only if proposed to the General Meeting by the Supervisory Board.

A resolution of the General Meeting to amend the Articles is further only valid if the complete proposal has been made available for inspection by the shareholders and the other persons entitled to attend General Meetings at our offices as from the day of notice convening such meeting until the end of the meeting. A resolution to amend the Articles to change the rights attached to the shares of a specific class requires the approval of the relevant class meeting.

Powers of board members and in particular the power to issue or buy back shares

The Managing Board manages QIAGEN and is responsible for achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations, for managing the risks associated with the activities of QIAGEN and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders. The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders.

The members of our Supervisory Board have the powers assigned to them by Dutch law and the Articles. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. In particular, the Supervisory Board has the authority to (i) issue common shares up to its presently authorized capital of 410 million, (ii) issue Financing Preference Shares up to its presently authorized capital of 40 million (iii) grant rights to subscribe for such common shares and Financing Preference Shares and (iv) exclude or limit the pre-emptive rights of existing shareholders relating to up to 50% of the number of common shares to be issued or rights to subscribe for common shares.

We may acquire our own shares, subject to certain provisions of Dutch law and our Articles, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called-up capital and any reserves required by Dutch law or the Articles and (ii) we and our subsidiaries would not thereafter hold shares with an aggregate nominal value exceeding half of our issued share capital. Shares that we hold in our own capital or shares held by one of our subsidiaries may not be voted. The Managing Board, subject to the approval of the Supervisory Board, may effect our acquisition of shares in our own capital. Our acquisitions of shares in our own capital may only take place if the General Meeting has granted to the Managing Board the authority to effect such acquisitions. Such authority may apply for a maximum period of 5 years and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. Dutch corporate law allows for the authorisation of the Managing Board to purchase a number of shares equal to up to 50% of the Company's issued share capital on the date of the acquisition. On June 27, 2012, the General Meeting resolved to extend the authorization of the Managing Board in such manner that the Managing Board may cause us to acquire shares in our own share capital, up to 10% of the outstanding shares, for an 18-month period beginning June 27, 2012 until December 27, 2013, without limitation at a price between one Euro cent (Euro 0.01) and one hundred ten percent (110%) of the price for such shares on the NASDAQ Global Select Market for the five trading days prior to the day of purchase, or, with respect to Preference and Finance Preference shares, against a price between one Euro cent (Euro 0.01) and three times the issuance price and in accordance with applicable provisions of Dutch law and our Articles.

Significant agreements to which the Company is a party and which take effect alter or terminate upon a change of control of the Company following a takeover bid

Certain other provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our common shares by issuing preference shares. Pursuant to our Articles and the resolution adopted by our General Meeting on June 16, 2004, QIAGEN's Supervisory Board is entitled to resolve to issue Preference Shares in case of an intended take-over of our Company by (i) any person who alone or with one or more other persons, directly or indirectly, have

acquired or given notice of an intent to acquire (beneficial) ownership of an equity stake which in aggregate equals 20% or more of our share capital then outstanding or (ii) an "adverse person" as determined by the Supervisory Board. If the Supervisory Board opposes an intended take-over and authorizes the issuance of preference shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and/or Supervisory Board and agree on a higher bid price for our shares.

In 2004 (as amended in 2008), we granted an option to the Stichting Preferente Aandelen QIAGEN (the "Foundation" (Stichting)), whereby the exercise of the option by the Foundation is subject to the conditions described in the paragraph above and which option allows the Foundation to acquire preference shares from us. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders. An important restriction on the Foundation's ability to prevent or delay a change of control is that issuing (preference or other) protective shares enabling the Foundation to exercise 30% or more of the voting rights without the obligation to make a mandatory offer for all shares held by the remaining shareholders, is only allowed after a public offer has been announced by a third party. In addition, the holding of such a block of shares by the Foundation is restricted to two years and as a consequence, the size of the protective stake will need to be decreased below the 30% voting rights threshold before the two year period lapses.

During 2005, we adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) which was approved by our shareholders on June 14, 2005. Pursuant to the Plan, stock rights, which include options to purchase our common shares, stock grants and stock-based awards, may be granted to employees and consultants of QIAGEN and its subsidiaries and to Supervisory Directors. An aggregate of 31.0 million common shares have been reserved for issuance pursuant to the Plan, subject to certain antidilution adjustments. Options granted pursuant to the Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. Options granted to members of the Supervisory Board and the Managing Board must have an exercise price that is higher than the market price at the time of grant. Generally, each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment.

The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the option, the length of time the option will remain outstanding, the manner and time of the option's exercise, the exercise price per share subject to the option and other terms and conditions of the option consistent with the Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board.

The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control. A "Change of Control" means the occurrence of a merger or consolidation of QIAGEN, whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of QIAGEN outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of QIAGEN or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation, or the stockholders of QIAGEN approve an agreement for the sale or disposition by QIAGEN of all or substantially all of QIAGEN's assets.

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2013, the commitment under these agreements totaled $15.7 million (2012: $15.3 million).

Agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

The members of the Managing Board are appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. Further, the members of the Managing Board have entered into employment agreements with QIAGEN N.V. and other QIAGEN affiliates. The term of these agreements varies for each Managing Board member due to individual arrangements and goes beyond the one year term of appointment by the General Meeting of Shareholders. These agreements cannot be terminated without cause and, absent such cause, have to be fulfilled during their stated term. There are no arrangements for any extra compensation in case of resignation or redundancy.

The members of the Supervisory Board are also appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. There are no additional employments in place and there are no arrangements for any extra compensation in case of resignation or redundancy. The General Meeting determines the remuneration of the members of the Supervisory Board.

Reporting in accordance with Directive 2004/25/EC of the European Parliament and of the Council of April 21. 2004, on takeover bids

Structure of our capital, including securities which are not admitted to trading on a regulated market in a Member State of the European Union

The authorized classes of our shares consist of common shares, Financing Preference Shares and Preference Shares. No Financing Preference Shares or Preference Shares have been issued.

As of December 31, 2013, a total of approximately 239.7 million Common Shares were outstanding along with approximately 13.1 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 2.3 million were vested. A total of approximately 16.4 million Common Shares are reserved and available for issuances under our stock plans as of December 31, 2013, including the shares subject to outstanding stock options and awards. The majority of our outstanding Common Shares are free for sale, except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26.5 million Common Shares, subject to adjustments in certain cases.

Common Shares - Restrictions on the transfer of securities

Common Shares are issued in registered form only. Common Shares are available either without issue of a share certificate, or Type I shares, or with issue of a share certificate, or Type II shares, in either case in the form of an entry in the share register. At the discretion of the Supervisory Board, Type I shares may be issued and the holders of such Type I shares will be registered in either our shareholders register with American Stock Transfer & Trust Company, or New York Transfer Agent, our transfer agent and registrar in New York, or our shareholder register with TMF FundServices B.V., Westblaak 89, NL-3012 KG Rotterdam, the Netherlands. The Type II shares are registered with our New York Transfer Agent.

The transfer of registered shares requires that we issue a written instrument of transfer and the written acknowledgment of such transfer (or, in the case of Type II shares, the New York Transfer Agent (in our name)), and surrender of the share certificates, if any, to us or (in our name) to the New York Transfer Agent. Upon surrender of a share certificate for the purpose of transfer of the relevant shares, we (or the New York Transfer Agent in our name) acknowledge the transfer by endorsement on the share certificate or by issuance of a new share certificate to the transferee, at the discretion of the Managing Board.

Subsequent Events

Since December 31, 2013 and through April 11, 2014, we have repurchased 2.3 million shares of common shares under the share repurchase program discussed more fully in Note 18, for approximately $51.0 million, in total.

On March 19, 2014, we completed the repurchase of $293.9 million notional amount of the 2006 Notes discussed in Note 15. In order to finance the repurchase and also raise $300 million of net proceeds, we issued $730 million of new senior unsecured cash settled convertible notes, $430 million of which are due in 2019 and bear interest at an annual rate of 0.375% and $300 million of which are due in 2021 and bear interest at an annual rate of 0.875%. The initial conversion price of both the 2019 and 2021 Notes is $28.34 per share of common stock. In the event of an exercise of the conversion right, Noteholders will receive a cash amount equal to the value of the common shares underlying the Notes. We also entered into derivative transactions to increase the effective conversion price of the newly issued notes.

Outlook

In diverse markets around the world, QIAGEN's strategy is to build upon growth opportunities in molecular technologies serving four customer classes: Molecular Diagnostics, Applied Testing, Pharma and Academia. Our business, therefore, is exposed to a wide variety of developments. We have grown substantially in recent years with a flexible strategy for developing innovative new products, partnering, and acquiring companies or technologies with high growth potential. The long-term growth of healthcare needs, both in developed and emerging markets, is a key driver of increasing demand for innovative diagnostics as well as for biomedical research technologies. Our leadership in Sample & Assay Technologies is the basis for all of QIAGEN's products, and we focus on meeting the needs of customers across the continuum of research and commercial testing. QIAGEN continually adds new systems and products to efficiently transform raw samples into insights that add value for our expanding base of customers.

QIAGEN expects to deliver higher adjusted net sales and adjusted earnings in 2014. For the full year, adjusted net sales are expected to rise approximately 4-5% under constant exchange rates (CER), as sales growth of approximately 8-9% CER from the current business portfolio, as well as contributions from the acquisitions of Ingenuity (acquired in April 2013) and CLC bio (acquired in August 2013), exceed an adverse impact of up to approximately 4 percentage points from reduced sales of HPV products in the U.S. Adjusted diluted earnings per share (EPS) are expected to rise to approximately $1.07-1.09 CER for full-year 2014 compared to $1.02 per share in 2013 (including share-based compensation for both years). Based on current exchange rates, adjusted sales and earnings for 2014 are expected to be adversely affected by certain currency movements against the U.S. dollar, QIAGEN's reporting currency. These expectations do not take into account any acquisitions that could be completed in 2014.

Global Economic Perspectives for 2014
The near-term outlook for the world's economy is for moderately stronger growth in 2014 than in 2013, although uncertainties and regional variations remain. Growth in the United States is gaining momentum, supported by a positive financial market, but the effects of the Federal Reserve's pullback from quantitative easing, interest rates and fiscal policy are unpredictable. The Euro area economy exited recession in mid-2013 and is growing, but the recovery so far is gradual amid long-term unemployment and financial uncertainties. A generally strong recovery in Japan's economy is following fiscal and monetary stimulus. In China and other emerging markets, growth has picked up but remains slower than boom times before the financial crisis. Stronger underlying growth would create stronger demand in QIAGEN's business environment, but fiscal tightening or economic weakness would undercut demand among our customers.

Industry Perspectives for 2014
Long-term growth in the market for molecular technologies presents opportunities for QIAGEN in all of our customer classes, but also uncertainties. In Molecular Diagnostics, demand continues to grow in 2014 based on the superiority of molecular testing in identifying and profiling diseases. Pressures to control healthcare costs are intense, creating both a potential hindrance for adoption of new technologies and an incentive for use of diagnostics to produce cost-effective outcomes. The trend is toward standardized diagnostics approved by regulators, gradually replacing laboratory-developed tests. Personalized Healthcare is disseminating rapidly with regulatory approvals of new companion diagnostics, although reimbursement policies are still evolving. In the United States, sales of diagnostic assays and instruments are subject to a 2.3 % surtax on medical devices that took effect in 2013 under the healthcare reform law, although uncertainty remains about the planned expansion in the number of U.S. residents with health benefits. Demand in Academia and the Pharma industry will likely face continued pressure from budget limitations in 2014, due to restrictions on government funding of research and a challenging business environment for pharmaceutical companies. The trend toward automated laboratory workflows and the need to improve effectiveness in drug development support demand for our products in these customer classes. In Applied Testing, the success of the QIAsymphony platform and expansion of content menus are creating opportunities. More than 100 companies in our industry, large and small, compete based on innovation, quality, price and breadth of product portfolios. QIAGEN will pursue growth opportunities across all of our customer classes in 2014 and beyond.

Venlo, The Netherlands, April 25, 2014

Peer M. Schatz

Chief Executive Officer

Corporate Governance Report

We recognize the importance of clear and straightforward rules on corporate governance and, where appropriate, have adapted our internal organization and processes to these rules. This section provides an overview of QIAGEN's corporate governance structure and includes details of the information required under the Dutch Corporate Governance Code (the Dutch Code). The Dutch Code is applicable to QIAGEN N.V. (in the following also referred to as the "Company"), as it is a publicly listed company incorporated under the laws of the Netherlands with a registered seat in Venlo, the Netherlands. The Dutch Code contains the principles and concrete provisions which the persons involved in a listed company (including Managing Board members and Supervisory Board members) and stakeholders should observe in relation to one another.

Our corporate governance practices generally derive from the provisions of the Dutch Civil Code and the Dutch Corporate Governance Code. Further, due to our listings at the German Stock Exchange in Frankfurt and the NASDAQ exchange in the U.S., the Managing Board and the Supervisory Board of QIAGEN N.V. declared their intention to disclose in QIAGEN's Annual Reports the Company's compliance with the German Corporate Governance Code adopted by the Government Commission on the German Corporate Governance Code pursuant to §161 of the German Stock Corporation Law and the corporate governance practices followed by U.S. companies under the NASDAQ listing standards or state the deviations recorded in the period.

A brief summary of the principal differences follows.

Corporate Structure

QIAGEN is a 'Naamloze Vennootschap,' or N.V., a Dutch limited liability company similar to a corporation in the United States. QIAGEN has a two-tier board structure. QIAGEN is managed by a Managing Board consisting of executive management acting under the supervision of a Supervisory Board (non executives), similar to a Board of Directors in a U.S. corporation. It is in the interest of QIAGEN and all its stakeholders that each Board performs its functions appropriately and that there is a clear division of responsibilities between the Managing Board, the Supervisory Board, the general meeting of shareholders (General Meeting) and the external auditor in a well-functioning system of checks and balances.

Managing Board

General

The Managing Board manages QIAGEN and is responsible for defining and achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations as well as for managing the risks associated with the business activities and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders (General Meeting). The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprises and all parties involved in QIAGEN, including shareholders and other stakeholders.

Composition and Appointment

The Managing Board consists of one or more members as determined by the Supervisory Board. The members of the Managing Board are appointed by the General Meeting upon the joint meeting of the Supervisory Board and the Managing Board (the Joint Meeting) having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following year.

Members of the Managing Board may be suspended and dismissed by the General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Joint Meeting, in which case a simple majority of votes cast is sufficient. Furthermore, the Supervisory Board may at any time suspend (but not dismiss) a member of the Managing Board.

Our Managing Directors for the year ended December 31, 2013 and their ages as of January 31, 2014, are as follows:

Managing Directors:

Name	Age	Position
Peer M. Schatz	48	Managing Director, Chief Executive Officer
Roland Sackers	45	Managing Director, Chief Financial Officer

The following is a brief summary of the background of each of the Managing Directors. References to "QIAGEN" and the "Company" in relation to periods prior to April 29, 1996 mean QIAGEN GmbH and its consolidated subsidiaries:

Peer M. Schatz, 48, joined the Company in 1993 and has been Chief Executive Officer since January 1, 2004. Between 1993 and 2003 he was Chief Financial Officer and became a member of the Managing Board in 1998. Mr. Schatz was previously a partner in a private management buyout group in Switzerland and worked in finance and systems positions in Sandoz, Ltd. and Computerland AG, as well as in finance, operations, management and sales positions in various start-up companies in the computer and software trading industry in Europe and the United States. Mr. Schatz graduated from the University of St. Gallen, Switzerland, with a Master's degree in Finance in 1989 and obtained an M.B.A. in Finance from the University of Chicago Graduate School of Business in 1991. Until 2008, Mr. Schatz was a member of the Supervisory Board of Evotec AG. Until 2011, he served as a member of the Managing Board of PMS Asset Management GmbH. Mr. Schatz also previously served as a member of the German Corporate Governance Commission from 2002 to January 2012. He is also chairman of the board of directors of QIAGEN Marseille S.A., which is a majority-owned subsidiary of QIAGEN that was acquired in 2011.

Roland Sackers, 45, joined the Company in 1999 as Vice President Finance and has been Chief Financial Officer since 2004. In 2006, Mr. Sackers became a member of the Managing Board. Between 1995 and 1999, he served as an auditor with Arthur Andersen Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. Mr. Sackers earned his Diplom-Kaufmann from the Westfälische Wilhelms-Universität Münster, Germany after studying business administration. Until 2006, he was a member of the Supervisory Board and Audit Committee of IBS AG. Mr. Sackers was also a member of the board of directors of Operon Biotechnologies, Inc., until December 2007. Mr. Sackers is a board member of the industry association BIO Deutschland. He is also a non-executive director and chair of the audit committee of Immunodiagnostic Systems Holding (IDS), a leading producer of immunological tests for research and diagnostic applications publicly listed in the United Kingdom, as well as member of the board of directors and head of the audit committee of QIAGEN Marseille S.A., which is a majority-owned subsidiary of QIAGEN that was acquired in 2011.

Conflicts of Interest, Loans or Similar Benefits

Resolutions to enter into transactions under which members of the Managing Board could have a conflict of interest with QIAGEN, and which are of material significance to QIAGEN and/or the relevant member of the Managing Board, require the approval of the Supervisory Board. QIAGEN has not entered into any such transactions in 2013. No credit, loans or similar benefits were granted to members of the Managing Board. Additionally, the Managing Board Members did not receive any benefits from third parties that were either promised or granted in view of their position as members of the Managing Board.

Supervisory Board

General
The Supervisory Board supervises the policies of the Managing Board, the general course of QIAGEN's affairs and strategy and the business enterprises which we operate. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In 2013, the Supervisory Board had eight regular meetings that were held with the attendance of the Managing Board, while certain agenda items were discussed exclusively between the Supervisory Board members. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. The Supervisory Board is responsible for the quality of its own performance. In this respect, the Supervisory Board conducts a self-evaluation on an annual basis. Our Supervisory Board has specified matters requiring its approval, including decisions and actions which would fundamentally change the company's assets, financial position or results of operations. The Supervisory Board has appointed an Audit Committee, a Compensation Committee and a Selection and Appointment (Nomination) Committee from among its members and can appoint other committees as deemed beneficial. The Supervisory Board has approved charters pursuant to which each of the committees operates.

Composition and Appointment

The Supervisory Board consists of at least three members, or a larger number as determined by the Joint Meeting. Members of the Supervisory Board are appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital.

The Supervisory Board shall be composed in a way that enables it to carry out its duties properly and enables its members to act critically and independently of one another and of the Managing Board and any particular interests. To that effect, the Supervisory Board has adopted a profile of its size and composition that takes into account the nature of our business, our activities and the desired expertise and background of the members of the Supervisory Board. The current profile of the Supervisory Board can be found on our website. The Supervisory Board has appointed a chairman from its members who has the duties assigned to him by the Articles of Association and the Dutch Code.

Members of the Supervisory Board are appointed annually for the period beginning on the date following the General Meeting up to and including the date of the General Meeting held in the following year. Members of the Supervisory Board may be suspended and dismissed by the General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Managing Board and the Supervisory Board in which case a simple majority of votes cast is sufficient.

Our Supervisory Directors for the year ended December 31, 2013 and their ages as of January 31, 2014, are as follows:

Supervisory Directors:

Name	Age	Position
Prof. Dr. Detlev H. Riesner	72	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Stéphane Bancel	41	Supervisory Director and Member of the Compensation Committee
Dr. Werner Brandt	60	Supervisory Director and Chairman of the Audit Committee
Dr. Metin Colpan	59	Supervisory Director
Prof. Dr. Manfred Karobath	73	Supervisory Director and Member of the Compensation Committee
Lawrence A. Rosen	56	Supervisory Director and Member of the Audit Committee
Elizabeth E. Tallett	64	Supervisory Director and Member of the Audit Committee and Member of the Compensation Committee

The following is a brief summary of the background of each of the Supervisory Directors and Managing Directors. References to “QIAGEN” and the “Company” in relation to periods prior to April 29, 1996 mean QIAGEN GmbH and its consolidated subsidiaries:

Professor Dr. Dr. h.c. Detlev H. Riesner, 72, is a co-founder of the Company. He has been a member of the Supervisory Board since 1996 and was appointed Chairman of the Supervisory Board in 1999, and in 2005, he was also appointed Chairman of the Selection and Appointment Committee. Professor Riesner has notified the Company of his intention not to stand for reelection to the Supervisory Board at next year’s annual meeting. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980 and retired in 2006. He has held the position of Dean of the Science Faculty (1991-92), Vice President of the University (Research) (1996-99) and Director of Technology (1999-2006). In 2007, he became a member of the University’s board of trustees. Prior to that, he was Professor of Biophysical Chemistry at the Darmstadt Institute of Technology and, from 1975 to 1977, Lecturer of Biophysical Chemistry at Hannover Medical School. He has held guest professorships at the Institute of Microbiology, Academia Sinica, Beijing, and the Department of Neurology at the University of California, San Francisco. He received his M.S. in Physics from Hannover Institute of Technology and his Ph.D. from the University of Braunschweig, with post-graduate work at Princeton University. Professor Riesner is either a member of the Supervisory Board or a director of AC Immune S.A., Lausanne, Evocatal GmbH, Düsseldorf, DRK Blutspendedienst West gGmbH, Hagen and DIWA GmbH, Düsseldorf. His memberships on the advisory boards of NewLab Bioquality AG and Direvo AG ended in 2006 and SCT GmbH ended in 2011, when the companies were sold. Professor Riesner is also a member of the scientific advisory board of Alberta Prion Research Institute, Canada.

Stéphane Bancel, 41, joined the Company's Supervisory Board as well as the Compensation Committee in 2013. He is President and Founding Chief Executive Officer of Moderna Therapeutics, Inc., a start-up biotechnology company based in Cambridge, Massachusetts that is advancing multiple drug development programs involving messenger RNA therapeutics. Before joining Moderna, Mr. Bancel served for five years as Chief Executive Officer of the French diagnostics company

bioMérieux SA. Prior to bioMérieux, he was Managing Director of Eli Lilly in Belgium and Executive Director of Global Manufacturing Strategy and Supply Chain at Eli Lilly in Indianapolis, Indiana after having started at Lilly in Great Britain. Before joining Eli Lilly, Mr. Bancel served as Asia-Pacific Sales and Marketing Director for bioMérieux while based in Tokyo, Japan. He holds a Master of Engineering degree from École Centrale Paris (ECP), a Master of Science in Chemical Engineering from the University of Minnesota and an M.B.A. from Harvard Business School.

Dr. Werner Brandt, 60, joined the Company's Supervisory Board in 2007. In the same year, he was appointed Chairman of the Audit Committee. Dr. Brandt has been a member of the Executive Board and the Chief Financial Officer of SAP AG since 2001. Dr. Brandt has notified SAP AG of his intention to retire from SAP AG and not to stand for reelection to the Executive Board at next year's annual meeting. From 1999 to 2001, he was a member of the Executive Board and Chief Financial Officer of the German-American healthcare company, Fresenius Medical Care AG, where he also served as Labor Relations Director. From 1992 to 1999, Dr. Brandt was a member of the Managing Board of Baxter Deutschland GmbH and Vice President for European Operations. In this capacity, he was responsible for Baxter's financial operations in Europe. Dr. Brandt began his career in 1981 at the former Price Waterhouse GmbH (now PricewaterhouseCoopers) in Frankfurt. Dr. Brandt completed his Doctorate in business administration from the Technical University of Darmstadt, Germany in 1991, after studying business administration at the University of Nuremberg-Erlangen, Germany from 1976 to 1981. Dr. Brandt is currently a member of the Supervisory Board of Deutsche Lufthansa AG and RWE AG where he also holds the position of Chairman of the Audit Committee.

Dr. Metin Colpan, 59, is a co-founder of the Company and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan has been a member of the Supervisory Board since 2004. Dr. Colpan obtained his Ph.D. and M.S. in Organic Chemistry and Chemical Engineering from the Darmstadt Institute of Technology in 1983. Prior to founding QIAGEN, Dr. Colpan was an Assistant Investigator at the Institute for Biophysics at the University of Düsseldorf. Dr. Colpan has had wide experience in separation techniques and in the separation and purification of nucleic acids in particular, and has filed many patents in the field. Dr. Colpan currently serves as a Supervisory Board member of Qalovis Farmer Automatic Energy GmbH, Laer, Germany and EM Brake Systems AG, Schloss-Holte. Dr. Colpan previously served as a Supervisory Board member of Ingenium Pharmaceuticals AG, GenPat77 Pharmacogenetics AG, GPC Biotech AG and Morphosys AG, each in Munich, Germany.

Professor Dr. Manfred Karobath, 73, has been a member of the Supervisory Board since 2000 and joined the Compensation Committee in 2005. Prof. Dr. Karobath studied medicine, and from 1967 to 1980, he worked first in the Dept. of Biochemistry of the University of Vienna and, after a stage as postdoctoral fellow, he joined the Dept. of Psychiatry where he became Professor of Biological Psychiatry. In 1980, he joined Sandoz Pharma in Basel, first, in drug discovery, and later, he became Senior Vice President and head of R&D. In 1992, Prof. Dr. Karobath joined Rhone Poulenc Rorer (RPR) as President of R&D and Executive Vice President, and later, he became a member of the boards of directors of RPR, Pasteur Mérieux Connought, Centeon and Rhone Poulenc Pharma. He has received several scientific awards and has published 92 scientific papers.

Lawrence A. Rosen, 56, joined the Company's Supervisory Board as well as the Audit Committee in 2013. Mr. Rosen is a member of the Board of Management and Chief Financial Officer of Deutsche Post DHL. In this position, which he has held since September 2009, Mr. Rosen is in charge of controlling, corporate accounting and reporting, investor relations, corporate finance, corporate internal audit and security, taxes, as well as the group's global business services. Prior to joining Deutsche Post DHL, Mr. Rosen served as the Chief Financial Officer of Fresenius Medical Care AG & Co. KGaA in Germany from 2003 to 2009. Prior to that, he worked for Aventis SA in Strasbourg, France, as Senior Vice President and Treasurer. Between 1984 and 2000, Mr. Rosen held different positions at the Aventis predecessor companies Hoechst AG and American Hoechst/Hoechst Celanese Inc. Mr. Rosen, who is a U.S. citizen, holds a bachelor in business administration from the State University of New York and an M.B.A. from the University of Michigan.

Elizabeth E. Tallett, 64, joined the Company's Supervisory Board as well as the Audit Committee and Compensation Committee in 2011. Ms. Tallett has been a Principal of Hunter Partners, LLC, a management company for early to mid-stage pharmaceutical, biotechnology and medical device companies, since 2002. Her senior management experience includes President and CEO of Transcell Technologies Inc., President of Centocor Pharmaceuticals, member of the Parke-Davis Executive Committee, and Director of Worldwide Strategic Planning for Warner-Lambert Company. Ms. Tallett graduated from Nottingham University, England with dual Bachelor's degrees with honors in mathematics and economics. She is a member of the board of directors of Principal Financial Group, Inc., WellPoint, Inc. and Meredith Corp. Ms. Tallett is currently the Lead Director for Principal. She was also a director of Varian, Inc., Immunicon, Inc., Varian Semiconductor Equipment Associates, Inc., Coventry Health Care, Inc. and IntegraMed America, Inc. at times during the past five years. Ms. Tallett was a founding board member of the Biotechnology Council of New Jersey and is a Trustee of Solebury School in Pennsylvania.

Conflicts of Interest, Loans or Similar Benefits

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with QIAGEN, and which are of material significance to QIAGEN and/or the relevant member of the Supervisory Board, require the approval of the Supervisory Board plenum. In 2013, neither QIAGEN nor its Supervisory Board members have entered into any such transactions. No credit, loans or similar benefits were granted to members of the Supervisory Board. Additionally, the Supervisory Board Members did not receive any benefits from third parties that were either promised or granted in view of their position as members of the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board has established an Audit Committee, a Compensation Committee and a Selection and Appointment Committee from among its members and can establish other committees as deemed beneficial. The Supervisory Board has approved charters under which each of the committees operates. These charters are published on our website www.qiagen.com. The committees are comprised of the following members:

Name of Supervisory Director	Independent	Member of Audit Committee	Member of Compensation Committee	Member of Selection and Appointment Committee
Prof. Dr. Detlev Riesner	•			• (Chairman)
Stéphane Bancel	•		•	
Dr. Werner Brandt	•	• (Chairman)		•
Dr. Metin Colpan				•
Prof. Dr. Manfred Karobath	•		• (Chairman)	
Lawrence A. Rosen	•	•		
Elizabeth E. Tallett	•	•	•	

We believe that all of our Supervisory Directors meet the independence requirements set forth in the Dutch Corporate Governance Code (the Dutch Code). We further believe that all Supervisory Board Directors except for Dr. Metin Colpan qualify as independent under the Marketplace Rules of the NASDAQ Stock Market. Pursuant to the NASDAQ rules, a majority of the Supervisory Directors must qualify as independent, as defined in the Rules. In 2012, Dr. Colpan was not considered to be independent due to his consulting arrangement with the Company under which Dr. Colpan provided scientific advisory services to the Company in 2011, 2010 and 2009. In January 2012, the agreement under which Dr. Colpan provided scientific consulting services terminated.

Audit Committee

The Audit Committee currently consists of three members, Dr. Brandt (Chairman), Mr. Rosen and Ms. Tallett, and meets at least quarterly. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. We believe that all members of our Audit Committee meet the independence requirements as set forth in Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and the Marketplace Rules of the NASDAQ. The Board has designated Dr. Brandt as an “audit committee financial expert” as that term is defined in the United States Securities and Exchange Commission rules adopted pursuant to the Sarbanes-Oxley Act of 2002 and as defined in provisions III.3.2 and III.5.7 of the Dutch Code. The Audit Committee performs a self-evaluation of its activities on an annual basis.

The Audit Committee's primary duties and responsibilities include, among other things, to serve as an independent and objective party to monitor QIAGEN's accounting and financial reporting process and internal risk management, control and compliance systems. The Audit Committee also is directly responsible for proposing the external auditor to the Supervisory Board, which then proposes the appointment of the external auditor to the General Meeting. Further, the Audit Committee is responsible for the compensation and oversight of QIAGEN’s external auditor and for providing an open avenue of communication among the external auditor as well as the Management Board and the Supervisory Board. Our Internal Audit department operates under the direct responsibility of the Audit Committee. Further, the Audit Committee is responsible to establish complaint procedures, including confidential, anonymous submission by employees of concerns, for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters. The Audit Committee discusses our financial accounting and reporting principles and policies and the adequacy of our internal accounting, financial and operating controls and procedures with the external auditor and management; considers and approves any recommendations regarding changes to our accounting policies and processes; reviews with management and the external

auditor our quarterly earnings reports prior to their release to the press; and reviews the quarterly and annual reports (reported on Forms 6-K and 20-F) to be furnished to or filed with the Securities and Exchange Commission and the Deutsche Boerse. The Audit Committee met seven times in 2013 and met with the external auditor excluding members of the Managing Board in April 2013. The Audit Committee reviews major financial risk exposures, pre-approves related-party transactions, and reviews any legal matter including compliance topics that could have a significant impact on the financial statements. The Board has designated Dr. Brandt as an "audit committee financial expert" as that term is defined in the United States Securities and Exchange Commission rules adopted pursuant to the Sarbanes-Oxley Act of 2002 and as "financial expert" pursuant to Section III.3.2 and III.5.7 of the Dutch Code respectively.

Compensation Committee

The Compensation Committee's primary duties and responsibilities include, among other things, the preparation of a proposal for the Supervisory Board concerning the Remuneration Policy for the Managing Board to be adopted by the General Meeting, the preparation of a proposal concerning the individual compensation of Managing Board members to be adopted by the Supervisory Board and the preparation of the Remuneration Report on compensation policies for the Managing Board to be adopted by the Supervisory Board. The Compensation Committee reviews and approves all equity-based compensation, reviews and approves the annual salaries, bonuses and other benefits of executive officers, and reviews general policies relating to employee compensation and benefits. The Remuneration Report reviews the implementation of the Remuneration Policy in the most recent year and provides an outline of the Remuneration Policy for the future. The Compensation Committee currently consists of three members, Professor Karobath (Chairman), Ms. Tallett and Mr. Bancel. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met five times in 2013.

Selection and Appointment Committee

The Selection and Appointment (Nomination) Committee is primarily responsible for the preparation of selection criteria and appointment procedures for members of the Supervisory Board and Managing Board as well as the periodic evaluation of the scope and composition of the Managing Board and the Supervisory Board, including the profile of the Supervisory Board. Additionally, the Selection and Appointment Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board, reporting these results to our Supervisory Board. It also proposes the (re-) ¬appointments of members of our Managing Board and Supervisory Board and supervises the policy of our Managing Board in relation to selection and appointment criteria for senior management. The Selection and Appointment Committee prepares and submits to our Supervisory Board an annual report of its deliberations and findings. Current members of the Selection and Appointment Committee are Prof. Dr. Riesner (Chairman), Dr. Brandt and Dr. Colpan. Members are appointed by the Supervisory Board and serve for a one-year term. The Selection and Appointment Committee met one time in 2013.

Compensation of Managing Board Members and Supervisory Directors

Remuneration policy

The objective of our remuneration policy is to attract and retain internationally the talented, highly qualified leaders and skilled individuals, to enable QIAGEN to achieve its short and long term strategic initiatives and operational excellence. Our remuneration policy aligns remuneration with individual performance, corporate performance and fosters sustainable growth and long term value creation in the context of QIAGEN's social responsibility and stakeholders' interest.

The remuneration policy and overall remuneration levels are benchmarked regularly, against a selected group of companies and key markets in which QIAGEN operates, to ensure overall competitiveness. QIAGEN participates in various compensation benchmarking surveys that provide information on the level, as well as the structure, of compensation awarded by various companies and industries for a broad range of positions around the world. The companies in the peer group are selected on the basis market capitalization, competitors for talent, similar complexity and international spread, operating in similar industries.

The performance of the Managing Board members is measured annually against a written set of goals. The remuneration of the Managing Board members is linked to the achievement of QIAGEN's strategic and financial goals. To ensure that remuneration is linked to performance, a significant proportion of the remuneration package is variable and contingent on performance of the individual and the company. These goals are set at ambitious levels each year to motivate and drive performance, with a focus on achieving both long term strategic initiatives and short-term objectives based on the annual operative planning. Performance metrics used for these goals include the achievement of financial and non-financial targets.

The remuneration package of the Managing Board members consists of a combination of base salary, short term variable cash award and several elements of long term incentives (together, 'total direct compensation'). In addition, the members of the Managing Board receive a pension arrangement and other benefits that are standard in our industry, such as a company car.

The total target remuneration package of the Managing Board members is appropriately set against a variety of factors which includes external and internal equity, experience, complexity of the position, scope and responsibilities. We aim to provide the members of the Managing Board a total direct compensation at market median level.

The structure of the remuneration package for the Managing Board is designed to balance short term operational excellence with long term sustainable value creation while taking into account the interests of its stakeholders. As such a significant part of the total remuneration of the Managing Board members consist of variable remuneration which can differ substantially from year to year depending on our corporate results and individual performance and may include equity-based compensation which may be subject to vesting conditions over a period of 10 years.

The remuneration policies for the Managing Board and for other senior management members of QIAGEN are generally aligned and consistent.

Managing Board compensation

The compensation granted to the members of the Managing Board in 2013 consisted of a fixed salary and variable components, with the significant majority of compensation awarded in the form of QIAGEN shares and options to purchase QIAGEN shares that are restricted for a long multi-year period to align management with the interests of shareholders and other stakeholders. Variable compensation included annual payments linked to business performance (annual bonus), as well as long-term equity incentives that were awarded based on individual performance. Stock options granted to the Managing Board members must have an exercise price that is higher than the market price at the time of grant. Restricted Stock Units granted to the Managing Board members, as is the case with all grants to employees, vest over a 10-year period. Performance Stock Units are subject to long-term vesting periods and contingent upon the achievement of several financial goals over a multi-year period. In 2013, QIAGEN issued new Performance Stock Units that are directly linked with the future achievement of QIAGEN's five-year business plan as well as implemented mandatory minimum holding levels of QIAGEN shares for a group of approximately 50 managers. The financial targets for vesting of the new Performance Stock Units are based on three-year goals as defined within QIAGEN's five-year business plan covering the period from 2014 until the end of 2016. The targets for vesting were set and approved by the Supervisory Board, and they consist of specific quantitative goals for net sales, earnings before interest and taxes (EBIT), return on invested capital (ROIC) and QIAGEN Value Added (QVA), a new steering metric that measures the ability of QIAGEN to generate returns and exceed its cost of capital.

The table below state the amounts earned on an accrual basis by our Managing Board members in 2013.

For the year ended December 31, 2013 (in US$ thousands, except for number of option and award grants)	Peer M. Schatz	Roland Sackers
Fixed Salary	1,328	581
Other [1]	6	61
Total fixed income 2013	**1,334**	**642**
Short-term variable cash bonus	160	59
Total short-term income 2013	**1,494**	**701**
Defined contribution on benefit plan	86	97
Number of stock options granted 2013	*137,859*	*43,378*
Related recognized compensation expense	420	132
Number of restricted stock units granted 2013	*419,717*	*132,065*
Related recognized compensation expense	1,791	563
Number of performance stock units granted 2013 [2] [3]	*501,079*	*158,724*
Related recognized compensation expense	830	273

(1) Amounts include, among others, reimbursed personal expenses such as tax consulting. We also occasionally reimburse our Managing Directors' personal expenses related to attending out-of-town meetings but not directly related to their attendance. Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN, other reimbursements or payments that in total did not exceed $10,000 or tax amounts paid by the Company to tax authorities in order to avoid double-taxation under multi-tax jurisdiction employment agreements.

(2) Includes Performance Stock Units which are granted as compensation component for the years 2014-2016 and which will replace future stock option grants in this period. The Performance Stock Units are directly linked with the future achievement of QIAGEN's five-year business plan as well as a mandatory minimum holding level of QIAGEN shares and the standard vesting terms for equity awards apply (vesting of 40% after three years, 50% after five years and 10% after ten years).

(3) Includes Performance Stock Units which were granted in lieu of a portion of the 2013 cash bonus.

The total recognized compensation expense in accordance with IFRS 2 in the year 2013 (2012) for stock options and restricted stock units including recognized expenses for equity awards granted in previous years as well as for any non-periodical share-based payments in kind of a bonus amounted to $9.2 million ($7.8 million) for Mr. Schatz, $3.0 million ($2.4 million) for Mr. Sackers, and in 2012, $0.7 million for Mr. Schorr and $1.1 million for Mr. Uder.

Based on such valuations the total compensation including recognized compensation expenses in the year 2013 (2012) for members of the Managing Board was $14.6 million ($15.6 million), and amounts $10.8 million ($9.3 million) for Mr. Schatz, $3.8 million ($3.2 million) for Mr. Sackers, and in 2012 $1.5 million for Mr. Schorr and $1.6 million for Mr. Uder. Total non-periodical remuneration according Dutch Civil Code included in total compensation was $4.2 million ($3.7 million) and amounts $3.2 million ($2.4 million) for Mr. Schatz, $1.0 million ($0.8 million) for Mr. Sackers, and in 2012 $0.5 million for Mr. Uder.

Further details on the composition of remuneration for the Managing Board, and the implementation of the Remuneration Policy during 2013, are disclosed in the Remuneration Report of the Compensation Committee as published on our website at www.qiagen.com.

Supervisory Board compensation

The Supervisory Board compensation for 2013 consists of fixed retainer compensation, additional retainer amounts for Chairman and Vice Chairman, and committee membership fees. Annual remuneration of the Supervisory Board members is as follows:

Fee paid to each member of the Supervisory Board	€30,000
Additional compensation payable to members holding the following positions:	
Chairman of the Supervisory Board	€20,000
Vice Chairman of the Supervisory Board	€5,000
Chairman of the Audit Committee	€15,000
Chairman of the Compensation Committee	€10,000
Fee payable to each member of the Audit Committee	€7,500
Fee payable to each member of the Compensation Committee	€5,000

Members of the Supervisory Board also receive €1,000 for attending the Annual General Meeting, €1,000 for attending each meeting of the Supervisory Board and €1,000 for attending each meeting of any subcommittees (other than Audit Committee, Compensation Committee and Selection and Appointment Committee).

Supervisory Board members may also receive variable cash compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed €5,000 per year. Supervisory board members also receive a variable component, in the form of share-based compensation. We did not pay any agency or advisory service fees to members of the Supervisory Board.

The following table summarizes the total compensation paid to the members of the Supervisory Board in 2013:

For the year ended December 31, 2013 (in US$ thousands, except for number of share grants and options)	Prof. Dr. Detlev Riesner	Stèphane Bancel	Dr. Werner Brandt	Dr. Metin Colpan	Prof. Dr. Manfred Karobath	Lawrence A. Rosen	Elizabeth E. Tallett
Short-term compensation 2013							
Fixed remuneration	41.1	20.5	41.1	41.1	41.1	20.5	41.1
Chairman / vice chairman committee	27.4	—	24.0	—	3.4	—	—
Meeting attendance	9.6	5.5	8.2	9.6	9.6	6.9	8.2
Committee membership	—	3.4	—	—	6.8	5.1	17.1
Subcommittee meeting attendance	5.5	1.4	—	4.1	5.5	—	—
	83.6	**30.8**	**73.3**	**54.8**	**66.4**	**32.5**	**66.4**
Long-term compensation 2013							
Number of stock options granted	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Related recognized compensation expense	—	—	—	—	—	—	—
Number of restricted stock units granted	*10,000*	*0*	*10,000*	*10,000*	*10,000*	*0*	*10,000*
Related recognized compensation expense (1)	137	—	41	41	137	—	73

(1) Compensation expense related to the long-term compensation of stock options and restricted stock units considers the retirement provisions applicable for the Supervisory Board members.

The total recognized compensation expense in accordance with IFRS 2 in the year 2013 (2012) for long-term compensation of stock options and restricted stock units including recognized expenses for equity awards granted in previous years as well as for any non-periodical share-based payments in kind of a bonus amounted to $242.7 thousands ($102.9 thousands) for Mr. Riesner, $117.2 thousands ($98.6 thousands) for Mr. Brandt, $116.7 thousands ($102.9 thousands) for Mr. Colpan, $242.4 thousands ($102.9 thousands) for Mr. Karobath, $123.2 thousands ($28.8 thousands) for Ms. Tallett, and in 2012 $102.9 thousands for Mr. Hornnaess and $98.6 thousands for Mr. von Prondzynski.

The total recognized compensation expenses for members of the Supervisory Board in 2013 (2012) for short-term and long-term compensation totaled $1,250.2 thousands ($1,103.7 thousands) and includes amounts of $326.3 thousands ($183.9 thousands) for Mr. Riesner, $190.5 thousands ($169.3 thousands) for Mr. Brandt, $171.5 thousands ($158.1 thousands) for Mr. Colpan, $309.0 thousands ($163.4 thousands) for Mr. Karobath, $189.6 thousands ($94.8 thousands) for Ms. Tallett, $30.8 thousands for Mr. Bancel, $32.5 thousands for Mr. Rosen, and in 2012 $183.1 thousands for Mr. Hornnaess and $151.1 thousands for Mr. von Prondzynski.

Total non-periodical remuneration according Dutch Civil Code included in total compensation in 2013 (2012), which includes the expense related to the short-term variable cash bonus and the expense related to the long-term compensation of equity awards granted in 2013, totaled $763.5 thousands ($250.6 thousands) and includes amounts of $137.2 thousands ($35.8 thousands) for Mr. Riesner, $41.5 thousands ($35.8 thousands) for Mr. Brandt, $41.5 thousands ($35.8 thousands) for Mr. Colpan, $214.4 thousands ($35.8 thousands) for Mr. Hornnaess, $137.2 thousands ($35.8 thousands) for Mr. Karobath, $118.7 thousands ($35.8 thousands) for Mr. von Prondzynski, $73.0 thousands ($35.8 thousands) for Ms. Tallett.

In 2004, QIAGEN entered into a consulting agreement with Dr. Metin Colpan, our former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan was paid a fee of €2.750 per day for scientific consulting services, subject to adjustment. The agreement with Dr. Colpan terminated in January 2012. No agency or advisory service fees were paid to other members of the Supervisory Board.

Share Ownership

The following table sets forth certain information as of January 31, 2014 concerning the ownership of Common Shares by our directors and officers. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned [1] Number		Percent Ownership [2]
Peer M. Schatz, Germany	1,922,260	(3)	0.82%
Roland Sackers, Germany	—	(4)	—
Prof. Dr. Detlev H. Riesner, Germany	1,456,585	(5)	0.62%
Stéphane Bancel, United States	—		—
Dr. Werner Brandt, Germany	10,664	(6)	*
Dr. Metin Colpan, Germany	4,152,553	(7)	1.78%
Professor Dr. Manfred Karobath, Austria	10,607	(8)	*
Lawrence A. Rosen, Germany	—		—
Elizabeth Tallett, United States	—	(9)	—

* Indicates that the person beneficially owns less than 0.5% of the Common Shares issued and outstanding as of January 31, 2014.

(1) The number of Common Shares outstanding as of January 31, 2014 was 233,488,516. The persons and entities named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and have the same voting rights as shareholders with respect to Common Shares.

(2) Does not include Common Shares subject to options or awards held by such persons at January 31, 2014. See footnotes below for information regarding options now exercisable or that could become exercisable within 60 days of the date of this table.

(3) Does not include 1,026,826 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $8.94 to $22.430 per share. Options expire in increments during the period between 8/2014 and 2/2023. Does not include 393,674 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(4) Does not include 182,183 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $15.590 to $22.430 per share. Options expire in increments during the period between 2/2018 and 2/2023. Does not include 117,827 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(5) Does not include 29,314 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $11.985 to $22.430 per share. Options expire in increments during the period between 5/2015 and 2/2022. Includes 1,452,068 shares held by Riesner Verwaltungs GmbH, of which Professor Riesner is the sole stockholder. Does not include 4,551 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(6) Does not include 7,372 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $15.590 to $22.430 per share. Options expire in increments during the period between 4/2018 and 2/2022. Does not include 4,551 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(7) Does not include 49,314 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $11.985 to $22.430 per share. Options expire in increments during the period between 4/2014 and 2/2022. Includes 3,348,703 shares held by CC Verwaltungs GmbH, of which Dr. Colpan is the sole stockholder and 800,000 shares held by Colpan GbR. Does not include 4,551 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(8) Does not include 29,314 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from $11.985 to $22.430 per share. Options expire in increments during the period between 5/2015 and 2/2022. Does not include 4,551 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(9) Does not include 1,042 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices of $15.59 per share. Options expire on 2/2022.

The following table sets forth the vested and unvested options and stock awards of our officers and directors as of January 31, 2014:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices	Total Unvested Restricted and Performance Stock Units
Peer M. Schatz	898,619	264,816	8/31/2014 to 2/28/2023	$8.94 to $22.43	2,297,349
Roland Sackers	140,137	85,947	2/28/2018 to 2/28/2023	$15.59 to $22.43	744,926
Prof. Dr. Detlev H. Riesner	28,341	1,494	5/6/2015 to 2/28/2022	$11.98 to $22.43	31,432
Dr. Werner Brandt	6,399	1,494	4/29/2018 to 2/28/2022	$15.59 to $22.43	30,894
Dr. Metin Colpan	48,341	1,494	4/1/2014 to 2/28/2022	$11.98 to $22.43	31,432
Prof. Dr. Manfred Karobath	28,341	1,494	5/6/2015 to 2/28/2022	$11.98 to $22.43	31,432
Elizabeth E. Tallett	521	1,042	2/28/2022	$15.59	20,000

A crisis tax levy of 16% as imposed by the Dutch government amounted to €588,000 in total in 2013. The crisis tax levy is paid by employers and in 2013 was assessed on income of employees exceeding a €150,000 threshold. These expenses are not included in the remuneration costs presented above.

Additional Information

Shareholders

Our shareholders exercise their voting rights through Annual and Extraordinary General Meetings. Resolutions of the General Meeting are adopted by an absolute majority of votes cast, unless a different majority of votes or quorum is required by Dutch law or the Articles of Association. Each common share confers the right to cast one vote.

Furthermore, the Managing Board, or where appropriate, the Supervisory Board, shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence QIAGEN's share price.

QIAGEN is required to convene an Annual General Meeting in the Netherlands no later than six months following the end of each year. The agenda for the Annual General Meeting must contain certain matters as specified in QIAGEN's Articles of Association and under Dutch law, including, among other things, the adoption of QIAGEN's annual financial statements.

Additional Extraordinary General Meetings may be convened at any time by the Managing Board, the Supervisory Board or by one or more shareholders jointly representing at least 40% of QIAGEN's issued share capital. Furthermore, one or more shareholders, who jointly represent at least 10% of QIAGEN's issued share capital may, on their application, be authorized by the district court judge having applications for interim relief, to convene a General Meeting. Shareholders are entitled to propose items for the agenda of the General Meeting provided that they hold at least 3% of the issued share capital. Proposals for agenda items for the General Meeting must be submitted at least 60 days prior to the meeting date. The notice convening a General Meeting, accompanied by the agenda, shall be sent no later than 42 days prior to the meeting. QIAGEN informs the General Meeting by means of explanatory notes to the agenda, providing all facts and circumstances relevant to the proposed resolutions.

Stock Plans

We adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) which was approved by our shareholders on June 14, 2005. Pursuant to the Plan, stock rights, which include options to purchase our Common Shares, stock grants and stock-based awards, may be granted to employees and consultants of QIAGEN and its subsidiaries and to Supervisory Directors. An aggregate of 31.0 million Common Shares have been reserved for issuance pursuant to the Plan, subject to certain antidilution adjustments. Options granted pursuant to the Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. Options granted to members of the Supervisory Board and the Managing Board must have an exercise price that is higher than the market price at the time of grant. Generally, each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the agreements under the Plan.

The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the stock-based award, the length of time the award will remain outstanding, the manner and time of the award's vesting, the price per share subject to the award and other terms and conditions of the award consistent with the Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board.

In connection with the acquisition of Digene Corporation during the third quarter of 2007, the Company assumed three additional equity incentive plans and exchanged Digene stock options and awards into the Company's Common Shares. No new grants will be made under these plans.

The Compensation Committee has the power, subject to Supervisory Board approval, to interpret the plans and to adopt such rules and regulations (including the adoption of “sub plans” applicable to participants in specified jurisdictions) as it may deem necessary or appropriate. The Compensation Committee or the Supervisory Board may at any time amend the plans in any respect, subject to Supervisory Board approval, and except that (i) no amendment that would adversely affect the rights of any participant under any option previously granted may be made without such participant's consent and (ii) no amendment shall be effective prior to shareholder approval to the extent such approval is required to ensure favorable tax treatment for incentive stock options or to ensure compliance with Rule 16b-3 under the United States Securities Exchange Act of 1934, as amended (the Exchange Act) at such times as any participants are subject to Section 16 of the Exchange Act.

As of January 31, 2014, there were 3.3 million options outstanding with exercise prices ranging between $8.94 and $23.54 and expiring between February 27, 2014 and October 31, 2023. The exercise price of the options is the fair market value of the Common Shares as of the date of grant or a premium above fair market value. Additionally, there were 9.7 million stock unit awards outstanding as of January 31, 2014. These awards will be released between February 28, 2014 and October 31, 2023. As of January 31, 2014, options to purchase 1.5 million Common Shares and 3.2 million stock unit awards were held by the officers and directors of QIAGEN, as a group.

Further detailed information regarding stock options and awards granted under the plan can be found in Note 21 included in the Consolidated Financial Statements.

Independence

Unlike the NASDAQ listing standards which require a majority of the Supervisory Board members to be independent, the Dutch Corporate Governance Code recommends that all Supervisory Board members, with the exception of not more than one person, shall be independent within the meaning of its “best practice” provision. In some cases the Dutch independence requirement is more stringent, such as by requiring a longer “look back” period (five years) for former executive directors. In other cases, the NASDAQ rules are more stringent, such as a broader definition of disqualifying affiliations. Currently, a majority of our Supervisory Board are “independent” under both the NASDAQ and Dutch definitions.

Risk Management

Reference is made to the discussion in the section "Principle Risks and Uncertainties" above.

Independent Auditors

In accordance with the requirements of Dutch law, our independent registered public accounting firm is appointed, and may be removed by, the General Meeting. The Supervisory Board nominates a candidate for the appointment as external auditor, for which purpose both the Audit Committee and the Managing Board advise the Supervisory Board. At the Annual General Meeting in 2013, Ernst & Young was appointed as external auditor for the Company for 2013 year.

The remuneration of the external auditor, and instructions to the external auditor to provide non-audit services, shall be approved by the Supervisory Board on the recommendation of the Audit Committee and after consultation with the Managing Board. At least once every four years, the Supervisory Board and the Audit Committee shall conduct a thorough assessment of the functioning of the external auditor. The main conclusions of this assessment shall be communicated to the General Meeting for the purposes of assessing the nomination for the appointment of the external auditor. The external auditor is invited to attend the meeting of the Supervisory Board at which the financial statements shall be approved and is furthermore invited to attend the General Meeting at which the financial statements are adopted and may be questioned by the General Meeting on its statement on the fairness of our annual accounts.

Whistleblower Policy and Code of Conduct

We have a formal Whistleblower Policy concerning the reporting of alleged irregularities within QIAGEN of a general, operational or financial nature. Furthermore, we have a published Code of Conduct that outlines business principles for our employees and rules of conduct. The Code of Conduct can be found on our website at www.qiagen.com.

Anti-Takeover Measures

In 2004, the Supervisory Board granted an option to the Dutch Foundation Stichting Preferente Aandelen QIAGEN that allows the Foundation to acquire preference shares from QIAGEN if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in the share capital has been designated as a hostile person by our Supervisory Board. The option enables the Foundation to acquire preference shares equal to the number of our outstanding common shares at the time of the relevant exercise of the right, less one share. When exercising the option and exercising its voting rights on these shares, the Foundation must act in the interest of QIAGEN and the interests of our stakeholders. No preference shares are currently outstanding.

Dutch Corporate Governance Code--Comply or Explain

The corporate governance structure and compliance with the Dutch Code is the joint responsibility of the Managing Board and the Supervisory Board. They are accountable for this responsibility to the General Meeting. We continue to seek ways to improve our corporate governance by measuring itself against international best practice. The Dutch Code was last amended on December 10, 2008, and can be found at www.commissiecorporategovernance.nl.

Non-application of a specific best practice provision is not in itself considered objectionable by the Dutch Code and may well be justified because of particular circumstances relevant to a company. In accordance with Dutch law, we disclose in our Annual Report the application of the Dutch Code's principles and best practice provisions.

To the extent that we do not apply certain principles and best practice provisions, or do not intend to apply these in the current or the subsequent year, we state the reasons.

We take a positive view of the Dutch Code and apply nearly all of the best practice provisions. However, we prefer not to apply some provisions due to the international character of our business as well as the fact - acknowledged by the Commission that drafted the Dutch Code - that existing contractual agreements between QIAGEN and individual members of the Managing Board cannot be set aside at will.

The following provides an overview of exceptions that we have identified:

1. *Best practice provision II.1.1 recommends that a management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.*

   Members of the Managing Board are appointed annually for a one-year period beginning on the day following the General Meeting up to and including the day of the General Meeting held in the following year.

2. *Best practice provision II.2.4 recommends that the number of granted options shall be dependent on the achievement of challenging targets specified beforehand.*

   From time to time, members of our Managing Board are granted options to acquire common shares at an exercise price higher than the market price on the grant date (as determined by reference to an organized trading market or association). Our view is that the “challenging target” has been set at the time of granting the options since the holder cannot realize any value from these options unless the price of our common shares has risen above the exercise price. Stock options are only a relatively small fraction of the long term incentives awarded to the Managing Board. The appreciation of the stock options is therefore unlikely to be a material impact on the overall compensation volume.

3. *Best practice provision II.2.5 recommends that shares granted to management board members without financial consideration shall be retained for a period of at least five years or until at least at the end of the employment, if this period is shorter. The number of shares to be granted shall be dependent on the achievement of clearly quantifiable and challenging targets specified beforehand.*

   Members of the Managing Board are granted restricted stock units and performance stock units from time to time. Restricted stock units represent rights to receive common shares at a future date. The number of granted restricted stock units is dependent upon the achievement of pre-defined performance goals. Restricted stock units are structured

so that 40% of a grant vests after three years, 50% after five years and the remaining 10% after ten years. Performance stock units have performance conditions in addition to time-vesting.

4. *Best practice provision II.2.8 recommends that the maximum remuneration in the event of dismissal of a management board member may not exceed one year's salary (the "fixed" remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for a severance pay not exceeding twice the annual salary.*

   Our Managing Board members have entered into employment agreements with QIAGEN N.V. and some QIAGEN affiliates for which they hold managing positions. In case of termination of an agreement without serious cause as defined by the applicable law, the respective affiliate would remain obliged to compensate the Managing Board member for the remaining term of the employment agreement. QIAGEN believes that these contractual arrangements are well justified due to the long tenures of the Managing Board members.

5. *Best practice provision III.3.5 recommends that a person may be appointed to the supervisory board for a maximum of three 4-year terms.*

   The Chairman of the Supervisory Board, Prof. Riesner, has been a member of the Supervisory Board of QIAGEN N.V. since its establishment in 1996 and Prof. Karobath has been a Supervisory Member since 2000. Prof. Riesner has announced that he will not stand for re-appointment to the Supervisory Board in the annual general meeting in 2014. Prof. Karobath contributes profound scientific and industry experience from various management positions in the pharmaceutical industry to the board profile. He has a unique knowledge about QIAGEN which is considered to be highly valuable. As a result, QIAGEN strongly supports the reappointment Prof. Karobath beyond the 12-year term as recommended by the Dutch Code.

6. *Best practice provision III.7.1 recommends that a supervisory board member may not be granted any shares and/or rights to shares by way of remuneration.*

   QIAGEN has granted stock options to the members of the Supervisory Board as a remuneration component since its establishment. Since 2007, Supervisory Board members have also been granted restricted stock units. We believe that the reasonable level of equity based compensation which we practice allows a positive alignment of shareholder interests with the other duties of the Supervisory Board and that this practice is necessary to attract and retain Supervisory Board members as the granting of share-based compensation to Supervisory Board members is a common practice in our industry.

7. *Best practice provision IV.1.1 recommends that a general meeting of shareholders is empowered to cancel binding nominations of candidates for the management board and supervisory board, and to dismiss members of either board by a simple majority of votes of those in attendance, although the company may require a quorum of at least one third of the voting rights outstanding for such vote to have force. If such quorum is not represented, but a majority of those in attendance votes in favor of the proposal, a second meeting may be convened and its vote will be binding, even without a one-third quorum.*

   Our Articles of Association currently state that the General Meeting may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although a deviation from provision IV.1.1 of the Dutch Code, the Supervisory Board and the Managing Board hold the view that these provisions will enhance the continuity of QIAGEN's management and policies.

NASDAQ Exemptions

Exemptions from the NASDAQ corporate governance standards are available to foreign private issuers, such as QIAGEN when those standards are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer's country of domicile. In connection with QIAGEN's initial public offering, NASDAQ granted QIAGEN exemptions from certain corporate governance standards that are contrary to the laws, rules, regulations or generally accepted business practices of The Netherlands. These exemptions and the practices followed by QIAGEN are described below:

- QIAGEN is exempt from NASDAQ's quorum requirements applicable to meetings of ordinary shareholders. In keeping with the law of The Netherlands and generally accepted business practices in The Netherlands,

QIAGEN's Articles of Association provide that there are no quorum requirements generally applicable to meetings of the General Meeting.

- QIAGEN is exempt from NASDAQ's requirements regarding the solicitation of proxies and provision of proxy statements for meetings of the General Meeting. QIAGEN does furnish proxy statements and solicit proxies for meetings of shareholders. Dutch corporate law sets a mandatory (participation and voting) record date for Dutch listed companies fixed at the twenty-eighth day prior to the day of the shareholders' meeting. Shareholders registered at such record date are entitled to attend and exercise their rights as shareholders at the General Meeting, regardless of a sale of shares after the record date.
- QIAGEN is exempt from NASDAQ's requirements that shareholder approval be obtained prior to the establishment of, or material amendments to, stock option or purchase plans and other equity compensation arrangements pursuant to which options or stock may be acquired by directors, officers, employees or consultants. QIAGEN is also exempt from NASDAQ's requirements that shareholder approval be obtained prior to certain issuances of stock resulting in a change of control, occurring in connection with acquisitions of stock or assets of another company or issued at a price less than the greater of book or market value other than in a public offering. QIAGEN's Articles of Association do not require approval of the General Meeting prior to the establishment of a stock plan. The Articles of Association also permit the General Meeting to grant the Supervisory Board general authority to issue shares without further approval of the General Meeting. QIAGEN's General Meeting has granted the Supervisory Board general authority to issue up to a maximum of our authorized capital without further approval of the General Meeting. QIAGEN plans to seek approval of the General Meetings for stock plans and stock issuances only where required under the law of The Netherlands or under QIAGEN's Articles of Association.

Corporate Governance Statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of January 1, 2010 (the "Decree"). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code (published at www.commissiecorporategovernance.nl), as required by article 3 of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information concerning QIAGEN's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information regarding the functioning of QIAGEN's General Meeting of Shareholders, and the authority and rights of QIAGEN's shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information regarding the composition and functioning of QIAGEN's Managing Board, the Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the relevant sections under "Corporate Governance Report " and the Report of the Supervisory Board in this Annual Report;
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;

Requirements – Germany

QIAGEN is required, as a company of which the shares are listed on the Frankfurt Stock Exchange, to state how it has applied the main principles and how far it has complied with the provisions of the German Corporate Governance Code.

Requirements – the United States

QIAGEN's shares are listed on the NASDAQ Global Select Market and must therefore comply with such of the requirements of US legislation, such as the Sarbanes-Oxley Act of 2002, regulations enacted under US securities laws and the listing standards of NASDAQ as are applicable to foreign private issuers.

Responsibility Statement of the Management Board

In accordance with best practice II.1.5 of the Dutch corporate governance code of December 2008, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof, the Managing Board confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

In accordance with Article 5.25c of the Financial Markets Supervisory Act, and in view of all of the above the management board confirms that, to its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the Company faces.

QIAGEN N.V.

CONSOLIDATED FINANCIAL STATEMENTS

QIAGEN N.V.

CONSOLIDATED BALANCE SHEET

(in thousands)

	Note	December 31, 2013	December 31, 2012
Assets			
Current assets:			
Cash and cash equivalents	**(3)**	**$ 330,962**	$ 394,702
Current available-for-sale financial instruments	**(7)**	**49,923**	90,451
Trade accounts receivable	**(8)**	**259,710**	250,729
Income taxes receivable		**46,874**	39,150
Inventories	**(3)**	**128,097**	135,293
Prepaid expenses and other current assets	**(9)**	**45,732**	36,149
Total current assets		**861,298**	946,474
Non-current assets:			
Property, plant and equipment	**(10)**	**395,834**	377,623
Goodwill	**(12)**	**1,880,490**	1,783,913
Other intangible assets	**(12)**	**875,571**	946,602
Investments in associates	**(11)**	**25,018**	22,122
Non-current available-for-sale financial instruments	**(7)**	**15,376**	15,511
Deferred tax assets	**(16)**	**8,257**	8,238
Other non-current assets		**29,662**	21,047
Total non-current assets		**3,230,208**	3,175,056
Total assets		**$ 4,091,506**	$ 4,121,530

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

QIAGEN N.V.

CONSOLIDATED BALANCE SHEET
(in thousands, except par value)

	Note	December 31, 2013	December 31, 2012
Liabilities and equity			
Current liabilities:			
Current financial debts	**(15)**	**$ 207**	$ 948
Trade and other accounts payable		**50,869**	51,311
Provisions	**(13)**	**9,338**	5,636
Income tax payable		**38,120**	14,879
Other current liabilities	**(14)**	**236,715**	189,983
Total current liabilities		**335,249**	262,757
Non-current liabilities:			
Non-current financial debts	**(15)**	**845,276**	841,685
Deferred tax liabilities	**(16)**	**85,624**	165,259
Other non-current liabilities	**(14)**	**38,433**	57,739
Total non-current liabilities		**969,333**	1,064,683
Equity:			
Common shares		**2,812**	2,769
Share premium		**1,960,465**	1,884,547
Retained earnings	**(17)**	**929,595**	883,655
Reserves		**1,126**	49,113
Treasury shares	**(18)**	**(116,613)**	(35,653)
Equity attributable to the owners of QIAGEN N.V.		**2,777,385**	2,784,431
Non-controlling interest		**9,539**	9,659
Total equity		**2,786,924**	2,794,090
Total liabilities and equity		**$ 4,091,506**	$ 4,121,530

Issued Shares		
Authorized common shares: 410,000, EUR 0.01 par value	**239,707**	236,487
Authorized preference shares: 450,000, EUR 0.01 par value	**—**	—
Authorized financing shares: 40,000, EUR 0.01 par value	**—**	—

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

QIAGEN N.V.

CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

	Note	Years ended December 31, 2013	2012
Net sales		**$ 1,301,984**	$ 1,254,456
Cost of sales		**(499,644)**	(441,972)
Gross profit		**802,340**	812,484
Operating expenses:			
Other operating income		**4,266**	1,629
Research and development expense		**(135,876)**	(105,365)
Sales and marketing expense		**(408,950)**	(382,339)
General and administrative, restructuring, integration and other expense		**(216,222)**	(153,737)
Other operating (expense)		**(14,696)**	(1,498)
Total operating expenses		**(771,478)**	(641,310)
Income from operations		**30,862**	171,174
Financial income		**4,931**	4,704
Financial expense		**(30,339)**	(34,521)
Foreign currency gains (losses), net		**5,652**	(7,234)
Gain from investments in associates		**1,660**	1,726
Other financial income		**—**	1,424
Income before income taxes		**12,766**	137,273
Income taxes	**(16)**	**33,275**	(11,051)
Net income		**$ 46,041**	$ 126,222
- attributable to non-controlling interest		**$ 25**	$ 31
- attributable to the owners of QIAGEN N.V.		**$ 46,016**	$ 126,191
Basic earnings per common share attributable to the owners of QIAGEN N.V.		**$ 0.20**	$ 0.54
Diluted earnings per common share attributable to the owners of QIAGEN N.V.		**$ 0.19**	$ 0.53
Weighted average shares outstanding (in thousands)			
Basic		**234,000**	235,582
Diluted		**237,022**	237,923

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

QIAGEN N.V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands)

	Note	Years ended December 31, 2013	2012
Net income		**$ 46,041**	$ 126,222
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Gains on cash flow hedges, before tax		**—**	305
Reclassification adjustments on cash flow hedges, before tax		**—**	781
Cash flow hedges, before tax		**—**	1,086
Foreign currency translation adjustments, before tax		**(45,529)**	27,601
Other comprehensive (loss) income, before tax		**(45,529)**	28,687
Income tax relating to components of other comprehensive (loss) income		**(2,116)**	151
Total other comprehensive (loss) income, after tax		**(47,645)**	28,838
Comprehensive (loss) income		**(1,604)**	155,060
Comprehensive income attributable to noncontrolling interest		**(367)**	(222)
Comprehensive (loss) income attributable to the owners of QIAGEN N.V.		**$ (1,971)**	$ 154,838

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

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

	Note	Years ended December 31, 2013	2012
Net income		**$ 46,041**	$ 126,222
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment of intangible and other assets		**269,588**	227,921
Non-cash impacts from convertible notes		**4,358**	11,084
Deferred income taxes	**(16)**	**(74,030)**	(31,526)
Share based compensation	**(21)**	**43,766**	29,057
Other non-cash items		**(24,839)**	(12,901)
Net changes in operating assets and liabilities:			
Accounts receivable	**(8)**	**(14,921)**	(14,281)
Inventories	**(3)**	**(17,499)**	(20,376)
Income tax receivables	**(16)**	**(9,377)**	(19,220)
Other assets		**(11,223)**	6,320
Accounts payable		**(6,793)**	(9,945)
Accrued and other liabilities	**(14)**	**31,440**	(7,021)
Income tax payables	**(17)**	**37,490**	(16,247)
Net cash provided by operating activities		**274,001**	269,087
Purchases of property, plant and equipment		**(76,089)**	(101,996)
Purchases of intangible assets		**(42,604)**	(26,089)
Capitalization of development expenses	**(12)**	**(11,258)**	(21,401)
Proceeds from sale of equipment		**44**	1,312
Sale/(Purchase) of available-for-sale assets	**(7)**	**42,800**	(33,943)
Purchase of investments	**(11)**	**(4,319)**	(8,173)
Cash paid for acquisitions, net of cash acquired	**(5)**	**(170,546)**	(131,997)
Other investing		**(621)**	—
Net cash used in investing activities		**(262,593)**	(322,287)
Net repayment/proceeds from short-term debt	**(15)**	**(1,451)**	(143,311)
Proceeds from long-term debt	**(15)**	**13**	400,000
Repayment of long-term debt	**(15)**	**(2,285)**	(1,607)
Cash paid for debt issuance costs	**(15)**	**—**	(2,084)
Principal payments on finance leases		**(4,215)**	(3,780)
Proceeds from issuance of common shares		**25,337**	16,579
Purchase of treasury shares	**(18)**	**(86,029)**	(35,653)
Acquisition of noncontrolling interest		**(487)**	(57)
Other financing activities		**(3,834)**	(6,008)
Net cash provided by financing activities		**(72,951)**	224,079
Effect of exchange rate changes on cash and cash equivalents		**(2,197)**	2,225
Net increase (decrease) in cash and cash equivalents		**(63,740)**	173,104
Cash and cash equivalents, beginning of period		**394,702**	221,598
Cash and cash equivalents, end of period		**$ 330,962**	$ 394,702
Supplemental cash flow disclosures:			
Cash paid for interest		**$ (31,000)**	$ (19,838)
Cash received for interest		**$ 2,299**	$ 2,382
Cash paid for income taxes		**$ (14,518)**	$ (61,586)
Supplemental disclosure of non-cash investing and financing activities:			
Equipment purchased through capital lease		**$ 449**	$ 492
Investment acquired in non-monetary exchange		**$ —**	$ 3,842
Intangible assets acquired in non-monetary exchange		**$ —**	$ 5,658

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

QIAGEN N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	Note	Common Shares		Share premium	Retained Earnings	Cash flow hedge reserve	Foreign currency translation	Reserves	Treasury Shares		Equity Attributable to the Owners of QIAGEN N.V.	Non-controlling Interest	Total Equity
		Shares	Amount						Shares	Amount			
BALANCE AT JANUARY 1, 2012		234,221	$ 2,739	$1,842,648	$ 757,464	$ (762)	$ 21,228	$ 20,466	—	$ —	$ 2,623,317	9,494	$2,632,811
Net income (loss)		—	—	—	126,191	—	—	—	—	—	126,191	31	126,222
Other comprehensive income (loss)		—	—	—	—	762	27,885	28,647	—	—	28,647	191	28,838
Total comprehensive income (loss)		—	—	—	126,191	762	27,885	28,647	—	—	154,838	222	155,060
Purchase of treasury shares		—	—	—	—	—	—	—	(1,943)	(35,653)	(35,653)	—	(35,653)
Tax benefit of employee stock plans		—	—	(3,707)	—	—	—	—	—	—	(3,707)	—	(3,707)
Share-based payments		—	—	29,057	—	—	—	—	—	—	29,057	—	29,057
Employee stock plans		2,266	30	16,549	—	—	—	—	—	—	16,579	—	16,579
Acquisition of Ipsogen S.A. shares from non-controlling interests		—	—	—	—	—	—	—	—	—	—	(57)	(57)
BALANCE AT DECEMBER 31, 2012		**236,487**	**$ 2,769**	**$1,884,547**	**$ 883,655**	**$ —**	**$ 49,113**	**$ 49,113**	**(1,943)**	**$ (35,653)**	**$ 2,784,431**	**$ 9,659**	**$2,794,090**
Net income		—	—	—	**46,016**	—	—	—	—	—	**46,016**	**25**	**46,041**
Other comprehensive income (loss)		—	—	—	—	—	**(47,987)**	**(47,987)**	—	—	**(47,987)**	**342**	**(47,645)**
Total comprehensive income (loss)		—	—	—	**46,016**	—	**(47,987)**	**(47,987)**	—	—	**(1,971)**	**367**	**(1,604)**
Purchase of treasury shares		—	—	—	—	—	—		**(4,149)**	**(86,029)**	**(86,029)**	—	**(86,029)**
Tax benefit of employee stock plans			—	**11,850**	—	—	—	—	—	—	**11,850**	—	**11,850**
Share-based payments	**(21)**	—	—	**43,767**	—	—	—	—	—	—	**43,767**	—	**43,767**
Employee stock plans		**3,220**	**43**	**20,301**	**(76)**	—	—	—	**275**	**5,069**	**25,337**	—	**25,337**
Acquisition of Ipsogen S.A. shares from non-controlling interests		—	—	—	—	—	—	—	—	—	—	(487)	**(487)**
BALANCE AT DECEMBER 31, 2013		**239,707**	**$ 2,812**	**$1,960,465**	**$ 929,595**	**$ —**	**$ 1,126**	**$ 1,126**	**(5,817)**	**$ (116,613)**	**$ 2,777,385**	**$ 9,539**	**$2,786,924**

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

1. Corporate Information, Basis of Presentation and Statement of Compliance

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with registered office at Spoorstraat 50, Venlo, The Netherlands. QIAGEN N.V. as the holding company and Subsidiaries ('the Company', 'Group', 'we' or 'QIAGEN') 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.

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting standards (IFRS) as endorsed by the European Union (EU) and all amounts are presented in U.S. dollars rounded to the nearest thousand, unless otherwise indicated. The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, contingent consideration and available-for-sale financial instruments that have been measured at fair value.

On April 29, 2013, we acquired Ingenuity Systems, Inc., located in Redwood City, California (Ingenuity) and on August 23, 2013 we acquired CLC bio (CLC), located in Aarhus, Denmark. Accordingly, as of the acquisition dates, all of the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include Ingenuity's and CLC's operating results beginning April 29, 2013 and August 22, 2013, respectively. 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 consolidated financial statements of QIAGEN for the year ended December 31, 2013, were authorized for issue in accordance with a resolution of the Supervisory Board on April 22, 2014.

2. Effects of New Accounting Policies and Disclosures

The new accounting policies adopted in 2013 did not have a material impact to the Consolidated Financial Statements.

- International Accounting Standard (IAS) 1, *'Financial statements presentation - presentation of items of other comprehensive income*' changes the grouping of items presented in other comprehensive income and affects its presentation. Items that could be reclassified to profit or loss at a future point would be presented separately from items that will never be reclassified. The amendment is effective for 2013 and, we have noted within the Consolidated Statement of Comprehensive Income which elements will, through recycling, impact net income in the future.
- Amendments to IAS 19, '*Employee Benefits,'* aims to improve the understanding of how defined benefit plans affect an entity's financial position, financial performance and cash flows and are likely to impact the amount of actuarial gains and losses that will impact net income versus be allocated to other comprehensive income as remeasurements. Since we do not have any significant defined benefit plans, these amendments did not have material impact to our financial statements.
- IFRS 7, *'Financial instruments: Offsetting financial assets and financial liabilities*' these amendments would provide users with information that is useful in (a) evaluating the effect or potential effect of netting arrangements on an entity's financial position and (b) analyzing and comparing financial statements. The amendments to IFRS 7 are to be applied retrospectively for annual periods beginning on or after January 1, 2013. We did not have any offsetting arrangements during 2013 and therefore the adoption of these amendments did not have an effect on our disclosures.
- IFRS 13, '*Fair value measurement'*, aims to improve consistency and to reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The new standard is effective for 2013 and its initial application had no significant influence on the Consolidated Financial Statements.

New and amended standards and interpretations not yet adopted:

The Group has not early adopted the following new and amended standards. We intend to adopt the new and amended standards at their effective dates.

- IAS 32, *'Financial instruments: Presentation: Offsetting financial assets and financial liabilities'*, effective January 1, 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.
- IFRS 10, '*Consolidated financial statements*' is mandatory for companies located in the European Union for periods beginning on or after January 1, 2014. The standard provides additional guidance to assist in the determination of control where this is difficult to assess and defines the principle of control, and establishes control as the basis for consolidation. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.
- IFRS 11, '*Joint arrangements'*, effective for companies located in the European Union for periods beginning on or after January 1, 2014, defines two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.
- IFRS 12, '*Disclosures of interests in other entities*' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The new standard becomes effective for companies located in the European Union for periods beginning on or after January 1, 2014. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.
- IAS 27, *'Separate financial statements'* and IAS 28 *'Investments in Associates'*, were also amended as part of the revision of the relevant provisions on consolidation of the three new standards IFRS 10, 11 and 12. The amendments become effective for companies located in the European Union for periods beginning on or after January 1, 2014. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.
- IFRS 9, '*Financial instruments - Classification and measurement'* addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The amendment becomes effective January 1, 2015. The adoption is not expected to have an effect on our financial position, results of operations or cash flows.

3. Summary of Significant Accounting Policies

3.1 Consolidation Principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interest. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interest even this results in a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest, the cumulative translation differences, recorded in equity, recognizes the fair value of the consideration received, recognizes the fair value of any investment retained, any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

3.2 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group measures the non-controlling interest in the acquiree at fair-value. Acquisition related costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred and the amount recognized for non-controlling interest over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Management monitors and makes decisions regarding the Company's operations on a functional specific and global level. Therefore, we concluded that the consolidated group as a whole qualifies as one cash generating unit.

3.3 Investments in Associates

Investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence, generally participations of 20% or more of the voting power, but over which it does not exercise management control.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value.

3.4 Foreign Currency Translation

The Company's presentation currency is the U.S. dollar (US$) which is also the parents company's functional currency. The subsidiaries' functional currencies are the local currency of the respective country with the exception of QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. which functional currencies is the U.S. dollar. Statements of financial position prepared in the functional currencies are translated to the presentation currency at exchange rates in effect at the end of the accounting period except for shareholders' equity accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated at a weighted average of exchange rates during the period. The cumulative effect of translation is included in shareholders' equity. On disposal of the Group Company, such translation differences are recognized in the income statement as part of the gain or loss on sale.

Foreign currency transactions are translated using the exchange rate prevailing at the dates of the transactions. Foreign currency transaction gains and losses are included in the income statement, except for those related to intercompany transactions of a long-term investment nature which represent in substance part of the reporting entity's net investment in a foreign entity; such

gains and losses are included in the cumulative foreign currency translation adjustments component of shareholders' equity. The net gain (loss) on foreign currency transactions in 2013, and 2012 was $5.6 million, and $(7.2) million, respectively.

The exchange rates of key currencies affecting the Company were as follows:

	Closing rate as at December 31,		Annual average rate	
(US$ equivalent for one)	2013	2012	2013	2012
Euro (EUR)	**1.3791**	**1.3194**	**1.3281**	**1.2856**
Pound Sterling (GBP)	**1.6542**	**1.6167**	**1.5642**	**1.5850**
Swiss Franc (CHF)	**1.1234**	**1.0929**	**1.0791**	**1.0666**
Australian Dollar (AUD)	**0.8942**	**1.0379**	**0.9683**	**1.0358**
Canadian Dollar (CAD)	**0.9400**	**1.0043**	**0.9710**	**1.0007**
Japanese Yen (JPY)	**0.0095**	**0.0116**	**0.0103**	**0.0125**
Chinese Yuan (CNY)	**0.1652**	**0.1605**	**0.1626**	**0.1585**

3.5 Revenue Recognition

Our revenues are reported net of sales and value added taxes, discounts and sales allowances, and are derived primarily from the sale of consumable and instrumentation products, and to a much lesser extent, from the sale of services, intellectual property and technology. We recognize revenue when four basic criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectability is reasonably assured.

Consumable and Related Products: Revenue from consumable product sales typically accounts for approximately 83-87% of our net sales and is generally recognized upon transfer of title consistent with the shipping terms. We maintain a small amount, on average less than $3.0 million in total, of consignment inventory at certain customer locations. Revenues for the consumable products which are consigned in this manner are recognized upon consumption. We generally allow returns of consumable products if the product is returned in a timely manner and in good condition. Allowances for returns are provided for based upon the historical pattern of returns and Management’s evaluation of specific factors that impact the risk of returns.

Revenues from related products include license fees, software-as-a-service (SaaS), intellectual property and patent sales, royalties and milestone payments and typically account for approximately 1-3% of our net sales. License fees from research collaborations include payments for technology transfer and access rights. Non-refundable, up-front payments received in connection with collaborative research and development agreements are generally deferred and recognized on a straight-line basis over the contract period during which there is any continuing obligation. Revenue from SaaS arrangements is recognized ratably over the duration of the agreement unless the terms of the agreement indicate that revenue should be recognized in a different pattern, for example based on usage. Revenue from intellectual property and patent sales is recognized when earned, either at the time of sale, or over the contract period when licensed. Payments for milestones, generally based on the achievement of substantive and at-risk performance criteria, are recognized in full at such time as the specified milestone has been achieved according to the terms of the agreement. Royalties from licensees are based on reported sales of licensed products and revenues are calculated based on contract terms when reported sales are reliably measurable, fees are fixed or determinable and collectability is reasonably assured.

Instrumentation: Revenue from instrumentation includes the instrumentation equipment, installation, training and other instrumentation services, such as extended warranty services or product maintenance contracts and typically account for approximately 10-15% of net sales. Revenue from instrumentation equipment is recognized when title passes to the customer, upon either shipment or written customer acceptance after satisfying any installation and training requirements.

We offer our customers access to our instrumentation via reagent rental agreements which place instrumentation with customers without requiring them to purchase the equipment. Instead, we recover the cost of providing the instrumentation in the amount charged for Sample and Assay Technology consumable products. The instruments placed with customers under a reagent rental agreement are depreciated and charged to cost of sales on a straight-line basis over the estimated life of the instrument, typically 3 to 5 years. The costs to maintain these instruments in the field are charged to cost of sales as incurred. Revenue from these reagent rental agreements is allocated to the elements within the arrangement (the lease, the sale of consumables and/or services) and recognized for each unit of accounting as appropriate.

We have contracts with multiple elements which include instrumentation equipment, either leased under a reagent rental agreement or sold directly, together with other elements such as installation, training, extended warranty services or product maintenance contracts or consumable products. These contracts are assessed to determine whether there is more than one unit of accounting. In order for a deliverable to qualify as a separate unit of accounting, all of the following criteria must be met:

- The delivered items have value to the client on a stand-alone basis;

- The arrangement includes a general right of return relative to the delivered items, and
- Delivery or performance of the undelivered items is considered probable and substantially in the control of the Company.

Arrangement consideration is allocated at the inception of the arrangement to all deliverables on the basis of their relative selling price. Effective as of January 1, 2011, when applying the relative selling price method, the selling price for each deliverable is determined using (a) vendor-specific objective evidence of selling price, if it exists; or otherwise (b) third-party evidence of selling price. If neither vendor-specific objective evidence nor third-party evidence of selling price exists for a deliverable, then the best estimated selling price for the deliverable is used. Prior to January 1, 2011, only the vendor-specific objective evidence of selling price was used. The arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value. Revenue is then recognized using a proportional-performance method, such as recognizing revenue based on relative fair value of products or services delivered, or on a straight-line basis as appropriate. If these criteria are not met, deliverables included in an arrangement are accounted for as a single unit of accounting and revenue and costs are deferred until the period in which the final deliverable is provided.

Deliverables in our multiple-element arrangements include instrumentation equipment installation, training, extended warranty services or product maintenance contracts or consumable products. We have evaluated the deliverables in our multiple-element arrangements and concluded that they are separate units of accounting because the delivered item or items have value to the customer on a standalone basis and for an arrangement that includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in our control. Revenues from installation and training are recognized as services are completed, based on vendor specific objective evidence (VSOE), which is determined by reference to the price customers pay when the services are sold separately. Revenues from extended warranty services or product maintenance contracts are recognized on a straight-line basis over the term of the contract, typically one year. VSOE of fair value of extended warranty services or product maintenance is determined based on the price charged for the maintenance and support when sold separately. Revenues from the instrumentation equipment and consumable products are recognized when the products are delivered and there are no further performance obligations. VSOE of fair value of instrumentation equipment and consumable products is determined based on the price charged for the instrument and consumables when sold separately. Certain of our reagent rental arrangements include termination provisions for breach of contract. However, these termination provisions would not impact recognized revenues. Our arrangements do not include any provisions for cancellation or refunds.

Shipping and Handling Income and Costs

Shipping and handling costs charged to customers are recorded as revenue in the period that the related product sale revenue is recorded. Associated costs of shipping and handling are included in sales and marketing expenses. For the years ended December 31, 2013 and 2012, shipping and handling costs totaled $23.3 million and $23.4 million, respectively.

Advertising Costs

The costs of advertising are expensed as incurred and are included as a component of sales and marketing expense. Advertising costs for the years ended December 31, 2013 and 2012 were $7.6 million and $6.6 million, respectively.

General and Administrative, Restructuring, Integration and Other

General and administrative expenses primarily represent the costs required to support administrative infrastructure. In addition, we incur indirect acquisition and business integration costs in connection with business combinations. These costs represent incremental costs that we believe would not have been incurred absent the business combinations. Major components of these costs include payroll and related costs for employees remaining with the Company on a transitional basis; public relations, advertising and media costs for re-branding of the combined organization; and, consulting and related fees incurred to integrate or restructure the acquired operations. Restructuring costs include personnel costs (principally termination benefits), facility closure and contract termination costs. Termination benefits are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Facility closure and other costs are recorded when the liability is incurred. The specific restructuring measures and associated estimated costs are based on management's best business judgment under the existing circumstances at the time the estimates are made. If future events require changes to these estimates, such adjustments will be reflected in the period of the revised estimate.

3.6 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales During the period of development, the asset is tested for impairment annually. The capitalized expenses are amortized on a straight-line basis over their estimated useful lives (between two and twelve years).

3.7 Government Grants

We recognize government grants when there is reasonable assurance that all conditions will be complied with and the grant will be received. Our government grants generally represent subsidies for specified activities and are therefore recognized when earned as a reduction of the expenses recorded for the activity that the grants are intended to compensate. Thus, when the grant relates to research and development expense, the grant is recognized over the same period that the related costs are incurred. Otherwise, amounts received under government grants are recorded as liabilities in the statement of financial position. When the grant relates to an asset, the value of the grant is deducted from the carrying amount of the asset and recognized over the same period that the related asset is depreciated.

The Company has received cost grants and investment grants. In 2013, the Company recorded income from Government grants in the amount of $5.0 million (2012: $3.7 million). As of December 31, 2013, liabilities in the amount of $4.6 million (2012: $0.6 million) are recorded with respect to grants which have been received but for which not all conditions have been met.

3.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (qualifying asset) when such borrowing costs are significant. All other borrowing costs are expensed in the period they occur.

3.9 Post-Employment Benefits

The Group operates a number of defined benefit and defined contribution plans. For defined benefit plans, the Group companies provide for benefits payable to their employees on retirement by charging current service costs to income. The defined benefit liability comprises the present value of the defined benefit obligation less past service cost and actuarial gains and losses not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. Refer to Note 22 'Employee Benefits' for more details.

3.10 Share-Based Payments

The Company has a stock option plan, which is described in detail under Note 21 'Share-Based Payments'. A compensation charge is calculated at the date the options are granted. This charge is recognized over the stock option's vesting period. When the option is exercised, the proceeds received net of any transaction costs are credited to share capital and share premium.

3.11 Taxation

Taxes reported in the consolidated income statements include current and deferred income taxes.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of Interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group Company's domicile.

3.12 Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), loans and receivables (LaR), held-to maturity, and available for sale (Afs), or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired, the Group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or the Group has transferred its rights to receive cash flows from the assets and either (a) has transferred substantially all the risks and rewards of the assets or (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from assets and has neither transferred nor retained substantially all the risks and rewards of the assets nor transferred control of the assets, the assets are recognized to the extent of the Group's continuing involvement in the assets. Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the assets and the maximum amount of consideration that the Group could be required to repay.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss include derivative financial instruments not designated as hedging instrument and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as at fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the income statement.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

The Group evaluated its financial assets at fair value through profit and loss whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments and hedge relations as defined by IAS 39 Derivatives.

Loans and receivables (LaR)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

The effective interest rate amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs

Available-for-sale financial investments (Afs)

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other financial income and expense, or determined to be impaired, at which time the cumulative loss is recognized in the income statement in other financial income and expense and removed from the available-for-sale reserve.

The Group evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity (Available-for-sale reserve in other comprehensive income) is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement other financial income and expense.

3.13 Financial Liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities at fair value through profit or losses are recognized in the income statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

3.14 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.15 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (mid-price), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24 'Fair Value Measurements'.

3.16 Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income (cash flow hedge reserve).

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement in finance costs.

Amounts recognized as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. Refer to Note 25 'Financial Risk Factors and Use of Derivative Financial Instruments' for more details.

3.17 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and other cash invested temporarily in various instruments that are short-term and highly liquid, and having an original maturity of less than 90 days at the date of purchase.

(in thousands)	2013	2012
Cash at bank and on hand	**$ 238,715**	$ 227,026
Short-term bank deposits	**92,247**	167,676
Cash and Cash Equivalents	**$ 330,962**	$ 394,702

3.18 Inventories

Inventories are stated at the lower of cost and net realizable value. The moving average method of valuation is used. The cost of work in process and finished goods includes raw materials, direct labor and production overhead expenditure based upon normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the cost of completion and distribution expenses. Provisions are established for slow-moving and obsolete inventory.

(in thousands)	2013	2012
Raw materials	**$ 24,975**	$ 29,755
Work in process	**25,535**	34,231
Finished goods	**77,587**	71,307
Inventories	**$ 128,097**	$ 135,293

Included in inventories as of December 31, 2013, are $14.5 million (2012: $16.5 million) of inventory provisions. The movement in inventory provisions was recorded under cost of sales. During 2013 inventories in the amount of $121.0 million have been recognized as cost of sales (2012: $129.3 million).

3.19 Property, Plant and Equipment

Property, plant and equipment, including equipment under finance lease, are stated at cost of acquisition or construction cost less accumulated depreciation and accumulated impairment in value. Depreciation is computed using the straight-line and declining balance methods over the following estimated useful lives of the assets:

Buildings and improvements	2-40 years
Machinery and equipment	3-10 years
Furniture and office equipment	1-13 years

Land is not depreciated. Construction costs include borrowing costs and operating expenses that are directly attributable to items of property, plant and equipment capitalized during construction. Subsequent expenditure on an item of property, plant and equipment is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are expensed as incurred. Gains and losses on disposal or retirement of items of property, plant and equipment are determined by comparing the proceeds received with the carrying amounts and are included in the consolidated income statements. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

3.20 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.21 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Expenditure on acquired technology rights, patents, trademarks and licenses are capitalized as intangible assets when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

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 and customer base acquired in a business combination is recorded in sales and marketing expense. Amortization expenses of intangible assets not acquired in a business combination are recorded within cost of sales, research and development, or sales and marketing line items based on the nature and use of the asset.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Technology rights, patents, trademarks and licenses are amortized on a straight-line basis over their estimated useful lives as follows:

Technology rights and patents	3-14 years
Computer software	2-10 years
Development expenses	6-15 years
Other intellectual properties	2-16 years

3.22 Impairment

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of

money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill
Goodwill is subject to impairment tests annually or earlier if indicators of potential impairment exist. We assess goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at October 31 either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.23 Provisions

Provisions are recognized by the Group when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

Restructuring provisions are recorded in the period in which management has committed to a detailed formal plan, has raised a valid expectation in those affected that it will carry out the restructuring and it becomes probable that a liability will be incurred and the amount can be reasonably estimated. Restructuring provisions comprise lease termination penalties, other penalties and employee termination payments.

3.24 Segment Reporting

We determined that we operate as one operating segment. Our chief operating decision maker (CODM) makes decisions based on the Company as a whole. In addition, we have a common basis of organization and types of products and services which derive revenues and consistent product margins. Accordingly, we operate and make decisions as one reporting unit.

3.25 Cash Flow Statement

The cash flow statement provides an explanation of the changes in cash and cash equivalents. It is prepared on the basis of a comparison of the statements of financial position as of January 1 and December 31 using the indirect method. Investing and financing transactions that do not require the use of cash or cash equivalents have been excluded from the cash flow statement. In 2013 and 2012 such eliminations primarily related to non-cash impacts from the convertible bonds.

Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of Assets

Assets are tested or reviewed for impairment in accordance with the accounting policy stated under Note 3.22.

In the fourth quarter of 2013, we performed our annual impairment assessment of goodwill (using data as of October 1, 2013). We performed our goodwill impairment testing on a single reporting unit basis which is consistent with our reporting structure. In testing for potential impairment, we measured the estimated fair value of our business based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds. Differences in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts. In estimating future cash flows, we used our internal five-year projections. Our projections were based on recent sales data for existing products, planned timing of new product launches or capital projects, and customer commitments related to new and existing products. These projections also included assumptions of future production volumes and pricing. Based on the sensitivity analysis performed, we determined that in the event that our estimates of projected future cash flows, growth rates and weighted average cost of capital were too high by 10%, there would still be no impact on the reported value of goodwill. We concluded that no impairment existed at October 1, 2013 or through December 31, 2013.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

Development Costs

Development costs are capitalized in accordance with the accounting policy stated under Note 3.6. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At least annually, management reviews the carrying amount of projects and assessed whether they were impaired or not. For the years ended December 31, 2013 and 2012, we recorded impairment losses of $15.1 million included in restructuring costs and $5.6 million included in research and development expense, respectively.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining provisions for income taxes. Some of these estimates are based on interpretations of existing laws or regulations. Various internal and external factors, such as changes in tax laws, regulations and rates, changing interpretations of existing tax laws or regulations, future level of research and development spending and changes in overall levels of pre-tax income may have favorable or unfavorable effects on the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized in accordance with the accounting policy stated in Note 3.11. Deferred tax assets are recognized for net operating loss carry-forwards to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits.

Share-Based Payments

The Company utilizes the Black-Scholes-Merton valuation model for estimating the fair value of its stock options as stated under Note 21 'Share-Based Payments'. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award:

Risk-Free Interest Rate: This is the average U.S. Treasury rate (having a term that most closely resembles the expected life of the option) at the date the option was granted.

Dividend Yield: We have never declared or paid dividends on our common stock and do not anticipate declaring or paying any dividends in the foreseeable future.

Expected Volatility: Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company uses a combination of the historical volatility of its stock price and the implied volatility of market-traded options of the Company's stock to estimate the expected volatility assumption input to the Black-Scholes model in accordance with IFRS 2 'Share-based Payment'. The Company's decision to use a combination of historical and implied volatility is based upon the availability of actively traded options of its stock and its assessment that such a combination is more representative of future expected stock price trends.

Expected Life of the Option: This is the period of time that the options granted are expected to remain outstanding. The Company estimated the expected life by considering the historical exercise behavior. The Company uses an even exercise

methodology, which assumes that all vested, outstanding options are exercised uniformly over the balance of their contractual life.

Forfeiture Rate: This is the estimated percentage of options granted that are expected to be forfeited or cancelled on an annual basis before becoming fully vested. The Company estimated the forfeiture rate based on historical forfeiture experience.

Restricted Stock Units and Performance Stock Units: Restricted stock units and performance stock units represent rights to receive Common Shares at a future date. The fair market value is determined based on the number of stock units granted and the fair market value of our shares on the grant date. The fair market value at the time of the grant, less an estimate for pre-vesting forfeitures, is recognized in expense over the vesting period.

4. Segment Information

Considering the acquisitions made during 2013, we determined that we still operate as one business segment in accordance with IFRS 8 *Operating Segments*. As a result of our continued restructuring and streamlining of the growing organization, our chief operating decision maker (CODM) makes decisions with regards to business operations and resource allocation based on evaluations of QIAGEN as a whole. Accordingly, we operate as one business segment. Summarized product category and geographic information is shown in the tables below.

Product Category Information

Net sales for the product categories are attributed based on those revenues related to sample and assay products and similarly related revenues, and revenues derived from instrumentation sales.

(in thousands)	2013	2012
Net Sales		
Consumables and Related Revenues	**$ 1,140,203**	$ 1,085,596
Instrumentation	**161,781**	168,860
Total	**$ 1,301,984**	$ 1,254,456

Geographical Information

Net sales are attributed to countries based on the location of the subsidiary generating the sale. QIAGEN operates manufacturing facilities in Germany, China, the United Kingdom, France and the United States that supply products to other countries. The sales from these manufacturing operations to other countries are included in the Net Sales of the countries in which the manufacturing locations are based. The intersegment portions of such net sales are excluded to derive consolidated net sales. No single customer represents more than ten percent of consolidated net sales. Our official country of domicile is the Netherlands, which reported net sales of $25.2 million and $23.7 million for the years ended 2013 and 2012, respectively, and these amounts are included in the line item Europe as shown in the table below.

(in thousands)	2013	2012
Net Sales		
Americas:		
United States	**$ 532,651**	$ 518,130
Other Americas	**60,166**	42,921
Total Americas	**592,817**	561,051
Europe	**482,008**	459,321
Asia Pacific & Rest of World	**227,159**	234,084
Total	**$ 1,301,984**	$ 1,254,456

Long-lived assets include property, plant and equipment, intangible assets, investments in associates, non-current available for sale financial instruments and other non-current assets. The Netherlands, which is included in the balances for Europe, reported long-lived assets of $20.0 million and $19.2 million for the years ended 2013 and 2012, respectively.

(in thousands)	2013	2012
Long-lived assets		
Americas:		
United States	**$ 1,740,398**	$ 1,722,637
Other Americas	**11,691**	11,589
Total Americas	**1,752,089**	1,734,226
Europe	**1,154,115**	902,247
Asia Pacific & Rest of World	**315,747**	530,346
Total	**$ 3,221,951**	$ 3,166,819

5. Acquisitions

Acquisitions have been accounted for as business combinations, and the acquired companies' results have been included in the accompanying 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.

2013 Acquisition

On April 29, 2013, we acquired 100% of the outstanding common shares of Ingenuity Systems, Inc. (Ingenuity), a leading provider of software solutions that efficiently and accurately analyze and interpret the biological meaning of genomic data. This expertly curated knowledge system of biomedical information and analysis solutions for the exploration, interpretation and analysis of complex biological systems is expected to be a key component in supporting new technologies such as next-generation sequencing (NGS) which 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.

The cash consideration totaled $107.0 million, of which $0.2 million was unpaid as of December 31, 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 final except for amounts related to income and sales taxes. 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 once the amounts related to income and sales taxes are finally determined. 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
Fixed and other long-term assets	2,648
Long-term deferred tax asset	10,269
Accounts payable	(2,662)
Accruals and other current liabilities	(14,148)
Liabilities assumed	(557)
Developed technology, licenses and know-how	37,903
Tradenames	3,359
In-process research and development	2,069
Customer relationships	1,023
Goodwill	68,756
Deferred tax liability on fair value of identifiable intangible assets acquired	(12,356)
	$ 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 December 31, 2013. Net sales totaled $14.7 million and net loss attributable to the owners of QIAGEN N.V. was $6.3 million for 2013. Acquisition-related costs for Ingenuity for 2013 amounted to $1.2 million.

Other Acquisitions

During 2013, we completed the acquisition of CLC bio, a privately-held company located in Aarhus, Denmark that has created the leading commercial data analysis solutions and workbenches for next-generation sequencing, used by top academic and pharmaceutical research as well as clinical institutions. Purchase consideration totaled $68.2 million in cash, net of cash acquired, and as of December 31, 2013, the purchase price allocation is preliminary. This acquisition was not significant to the overall consolidated financial statements. During 2011, we acquired a majority shareholding in Ipsogen S.A. (Ipsogen), a publicly listed company founded and based in Marseille, France. During 2013, we acquired additional Ipsogen shares for a total of $0.5 million and held 89.96% of the Ipsogen shares as of December 31, 2013.

2012 Acquisitions

On May 3, 2012, we acquired AmniSure, a privately owned company that markets the AmniSure® assay for determining whether a pregnant woman is suffering rupture of fetal membranes (ROM), a condition in which fluid leaks from the amniotic sac prematurely. The acquisition of AmniSure did not have a material business impact to net sales, net income or earnings per share, and therefore no pro forma financial information has been provided herein.

As of December 31, 2012, the final purchase price allocation is as follows:

(in thousands)	AmniSure acquisition
Purchase price:	
Cash consideration	$ 101,415
Fair value of contingent consideration	4,530
	$ 105,945
Allocation:	
Cash and cash equivalents	$ 1,722
Accounts receivable	3,305
Inventories and other assets	1,134
Accounts payable, accruals and other liabilities	(864)
Fixed and other long-term assets	267
Developed technology, licenses and know-how	28,941
Customer relationships	25,520
Tradenames	2,692
In-process research and development	4,522
Goodwill	44,369
Deferred tax liability on fair value of identifiable intangible assets acquired	(5,202)
Long-term liabilities assumed	(461)
	$ 105,945

The weighted-average amortization period for the intangible assets is 9.5 years. Of the goodwill acquired, $39.8 million is deductible for tax purposes.

Since the acquisition date, the results of AmniSure are included in the consolidated results through December 31, 2012. Net sales for AmniSure totaled $16.7 million and net income attributable to the owners of QIAGEN N.V. was $3.0 million as of December 31, 2012. Acquisition-related costs are expensed when incurred and are included in general and administrative, restructuring, integration and other in the accompanying consolidated statements of income. Acquisition-related costs for 2012 acquisitions amounted to $4.5 million. The total fair value of the contingent consideration for AmniSure of approximately $4.5 million has been recorded as purchase price using a probability-weighted analysis of the future milestones using discount rates between 0.7% and 2.0%. Under the purchase agreement, we could be required to make additional contingent cash payments totaling $35.0 million through 2017.

During 2012, we completed other acquisitions, including Intelligent Bio-Systems, Inc., which were not significant, either individually or in the aggregate, to the overall consolidated financial statements. The total cash paid for these acquisitions, net of cash acquired, was $31.2 million of which an amount of $5.2 million was retained in an escrow account to cover any claims for breach of any representations, warranties or indemnities. Certain acquisitions included contingent consideration where we are required to assess the acquisition date fair value of the contingent consideration liabilities, which is recorded as part of the purchase consideration. This is discussed further in Note 24, "Fair Value Measurements," where we assess and adjust the fair value of the contingent consideration liabilities, if necessary, until the settlement or expiration of the contingency occurs. The total fair value of the contingent consideration for these other acquisitions of approximately $12.0 million has been recorded as purchase price. Under the purchase agreements, we could be required to make contingent cash payments totaling $12.5 million through 2016. The fair value of the contingent cash payments of was determined using a discount rate of 0.7% to 1.6% and a probability regarding the accomplishment of the milestones of 95.0% to 100.0%.

We made contingent purchase price payments totaling $7.1 million in 2012 for acquisitions completed prior to 2012. The contingent purchase price payments were contractually due upon achievement of certain performance criteria of the acquired business.

6. Restructuring

Late in 2011, we began a project to enhance productivity by streamlining the organization and reallocating resources to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project 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. Restructuring charges were recorded in 2013 as part of this transformational project.

The following table summarizes the cash components of the restructuring costs. At December 31, 2013 and 2012, restructuring accruals of $10.6 million and $4.9 million, respectively, were included in accrued and other liabilities in the accompanying consolidated balance sheets.

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Total
Balance at December 31, 2011	$ 19,228	$ 443	$ 7,238	$ 26,909
Additional costs in 2012	5,456	3,055	152	8,663
Payments	(21,301)	(1,032)	(6,036)	(28,369)
Release of excess accrual	(1,084)	—	(1,217)	(2,301)
Foreign currency translation adjustment	22	—	—	22
Balance at December 31, 2012	**$ 2,321**	**$ 2,466**	**$ 137**	**$ 4,924**
Additional costs in 2013	**30,799**	**372**	**8,700**	**39,871**
Payments	**(22,259)**	**(1,256)**	**(7,866)**	**(31,381)**
Release of excess accrual	**(1,312)**	**(1,101)**	**(460)**	**(2,873)**
Foreign currency translation adjustment	**233**	**(168)**	**—**	**65**
Balance at December 31, 2013	**$ 9,782**	**$ 313**	**$ 511**	**$ 10,606**

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.

Since 2011, we have incurred cumulative restructuring costs totaling $305.8 million which include $56.4 million for personnel related costs, $168.9 million of impairments, and $80.5 million of contract, consulting and other related costs. The impairment charges represent primarily the write off of capitalized costs related to development projects which were abandoned following the decision to streamline the organization and focus development efforts on those projects with the highest potential for market acceptance and profitability. We do not expect to record additional significant restructuring charges in 2014 related to this program.

In 2013, we recorded pretax charges of restructuring charges of $93.2 million in general, administrative, restructuring and other. The pretax charges consist of $27.3 million for personnel related costs, $25.9 million of fixed and intangible asset impairments, $2.1 million for contract termination costs, and 37.9 million of other costs including consulting costs. Additionally, we recorded $40.6 million in cost of sales which includes $25.2 million of fixed and intangible asset impairments, $6.5 million for contract termination costs, $5.1 million for the write off of inventory, $3.5 million for personnel costs, and $0.3 million of other costs.

In 2012, we recorded pretax charges of restructuring charges of $41.0 million in general, administrative, restructuring which consisted of $5.5 million for personnel related costs, $13.6 million of asset impairments, $3.1 million for contract termination costs (including lease closure costs), and $18.8 million of other costs including consulting costs.

7. Available-for-sale Financial Instruments

(in thousands)	2013	2012
Current Available-for-sale financial instruments:		
Unquoted debt securities	**$ 41,373**	$ 82,462
Term deposits and short-term funds	**8,550**	7,989
Current Available-for-sale Financial Instruments	**$ 49,923**	$ 90,451
Non-current Available-for-sale financial instruments:		
Unquoted equity securities	**$ 15,376**	$ 15,511
Non-current Available-for-sale Financial Instruments	**$ 15,376**	$ 15,511
Total Available-for-sale Financial Instruments	**$ 65,299**	$ 105,962

At December 31, 2013 and 2012, we had €30.0 million ($41.4 million as of December 31, 2013) and €62.5 million ($82.5 million as of December 31, 2012), respectively, of loan note receivables due from financial institutions. These loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at fair market value, which is equal to the cost. At December 31, 2013, these loans consist of €15.0 million which mature in 2014 and €15.0 million which mature in 2015. All of these instruments can be redeemed on at least a quarterly basis and are therefore classified as current assets in the accompanying consolidated balance sheets. Interest income is determined using the effective interest rate method.

At December 31, 2013 and 2012, we also had €6.2 million ($8.5 million) and €6.1 million ($8.0 million), respectively in term deposits with final maturities until December 2017. The deposits can be withdrawn at the end of each quarter without penalty and are therefore classified as current assets in the accompanying consolidated balance sheets.

At December 31, 2013 and 2012, we had a total of cost-method investments in non-publicly traded companies with carrying amounts of $15.4 million and $15.5 million, respectively, which are included in non-current available for sale assets. During 2013, we made new cost-method investments totaling $3.3 million. For the years ended December 31, 2013 and 2012, we recorded impairments of cost method investments of $3.4 million and $3.4 million, respectively, in other operating expense. These cost-method investments are stated at acquisition cost as there is no active markets which provide reliable fair values. Changes in fair value of these cost-method investments are identified when there are events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

Movements in available-for-sale financial assets were as follows:

(in thousands)	2013	2012
January, 1st	**$ 105,962**	$ 61,379
Unquoted equity securities acquired during the year	**3,274**	12,015
Disposals of equity securities during the year	**(3,443)**	(3,359)
Unquoted debt securities acquired during the year	**20,346**	39,942
Disposals of unquoted debt securities during the year	**(63,146)**	(5,999)
Translation	**2,306**	1,984
December 31st	**$ 65,299**	$ 105,962

8. Trade Accounts Receivable

(in thousands)	2013	2012
Trade accounts receivable	**$ 259,686**	$ 244,689
Provision for doubtful accounts	**(10,683)**	(5,221)
Notes receivable	**10,707**	11,261
Trade Accounts Receivable	**$ 259,710**	$ 250,729

We sell our products worldwide through sales subsidiaries and distributors. There is no concentration of credit risk with respect to trade accounts receivable as we have a large number of internationally dispersed customers. Trade accounts receivable are non-interest bearing and mostly have payment terms of 30-90 days.

The following table provides a breakdown of trade accounts receivable which are neither past due nor impaired and which are past due but not impaired:

(in thousands)	Carrying amount	Thereof neither past due nor impaired	Less than 30 days	Between 31 to 60 days	Between 61 to 90 days	More than 90 days
December 31, 2013						
Trade accounts receivable	**$ 249,003**	$ 137,694	$ 43,944	$ 16,739	$ 13,125	$ 37,501
December 31, 2012						
Trade accounts receivable	**$ 239,468**	$ 118,672	$ 52,152	$ 16,686	$ 18,140	$ 33,818

The notes receivable represent a written promise from customers to pay definite amounts of money on specific future dates.

The following table shows the development of allowances on trade accounts receivable:

(in thousands)	2013	2012
Provision for doubtful accounts as at January, 1st	**$ 5,221**	$ 4,315
Additions (recognized as expense)	**6,901**	1,048
Write-offs	**(1,527)**	(240)
Currency translation adjustments and other	**88**	98
Provision for doubtful accounts as at December 31st	**$ 10,683**	$ 5,221

All additions and write-offs relate to allowances for individual impairments.

9. Prepaid Expenses and Other Current Assets

(in thousands)	2013	2012
Prepaid expenses and other	**$ 27,996**	$ 16,443
Value added tax	**10,605**	10,221
Escrow in connection with acquisitions	**2,500**	7,521
Fair values of derivative financial instruments	**2,533**	833
Grant receivables	**913**	759
Current lease receivables	**1,185**	372
Prepaid Expenses and Other Current Assets	**$ 45,732**	$ 36,149

Please refer to Note 24 'Fair Value Measurements' for additional information on fair values of derivative financial instruments.

10. Property, Plant and Equipment

Cost (in thousands)	Land and buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in progress	Total
January 1, 2012	$257,286	$ 176,801	$ 76,946	$ 33,943	$ 51,786	$ 596,762
Currency adjustments	3,371	3,060	869	738	714	8,752
Additions	1,980	40,760	2,762	1,853	67,051	114,406
Business combinations	—	4,649	1,093	5	—	5,747
Disposals	—	(17,256)	(5,628)	(2,103)	(5,500)	(30,487)
Transfers	1,122	6,759	4,436	898	(34,649)	(21,434)
December 31, 2012	263,759	214,773	80,478	35,334	79,402	673,746
Currency adjustments	7,984	12,697	1,248	643	1,161	23,733
Additions	3,810	23,169	4,764	643	43,703	76,089
Business combinations	—	—	1,613	7	—	1,620
Disposals	—	(32,153)	(2,851)	(2,614)	(1,657)	(39,275)
Transfers	7,055	2,114	1,101	1,625	(25,517)	(13,622)
December 31, 2013	**$282,608**	**$ 220,600**	**$ 86,353**	**$ 35,638**	**$ 97,092**	**$ 722,291**

Depreciation (in thousands)	Land and buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in progress	Total
January 1, 2012	$ (61,365)	$ (114,595)	$ (53,597)	$ (22,035)	—	$ (251,592)
Currency adjustments	(806)	(2,353)	(758)	(519)	—	(4,436)
Additions	(9,357)	(39,287)	(8,637)	(2,737)	—	(60,018)
Impairment losses	—	(1,532)	(511)	—	(5,500)	(7,543)
Disposals	—	14,938	5,509	1,433	5,500	27,380
Transfers	(55)	64	(6)	83	—	86
December 31, 2012	(71,583)	(142,765)	(58,000)	(23,775)	—	(296,123)
Currency adjustments	(2,006)	17,161	(1,170)	(591)	—	13,394
Additions	(9,762)	(40,303)	(8,465)	(3,143)	—	(61,673)
Impairment losses	—	(15,143)	—	—	(389)	(15,532)
Disposals	—	30,657	2,835	823	389	34,704
Transfers	(910)	383	(1,645)	944	—	(1,228)
December 31, 2013	(84,261)	(150,010)	(66,445)	(25,742)	—	(326,458)
Net book value						
December 31, 2012	192,176	72,008	22,478	11,559	79,402	377,623
December 31, 2013	**$ 198,347**	**$ 70,590**	**$ 19,908**	**$ 9,896**	**$ 97,092**	**$ 395,833**

No property, plant and equipment were pledged as security against non-current financial debts at December 31, 2013 and 2012. The net carrying amount of property, plant and equipment under finance lease contracts amounts to $13.9 million as of December 31, 2013 (2012: $17.1 million).

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

For the year ended December 31, 2013, construction in progress includes amounts related to ongoing software development projects and the construction of new facilities in the United States. For the years ended December 31, 2013 and 2012, interest capitalized in connection with construction projects was not significant.

11. Investments in Associates and Joint Ventures

We have made strategic investments in certain companies that are accounted for using the equity 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.

Amounts from Equity-Accounted Investments considered in the financial statements are as follows:

Shareholding	2013	2012
PreAnalytix GmbH, Germany	**50.0%**	50.0%
Pyrobett Pte Ltd, Singapore	**19.0%**	19.0%
QBM Cell Science Ltd, Canada	**19.5%**	19.5%
Dx Assays Pte Ltd, Singapore	**33.3%**	33.3%
QIAGEN (Suzhou) Institute of Translation Research Co., Ltd.	**30.0%**	—%
Scandinavian Gene Synthesis AB	**—%**	40.0%
Peak Service LLC	**40.0%**	40.0%

We have a 50% interest in a joint venture company, PreAnalytiX GmbH, for which each of the joint venture partners participates 50/50 in all decision making activities and therefore 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 itself.

As a QIAGEN representative has board seats at QBM Cell Science and Pyrobett, QIAGEN has significant influence. Accordingly, the investments in these companies are recorded at equity in spite of the fact that QIAGEN's share is below 20%.

During 2011, we paid $9.7 million for a 40% share together with a $6.7 million advance payment towards the potential future acquisition of the remaining 60% of Scandinavian Gene Synthesis AB (SGS). In 2012, we acquired the remaining shares for $8.4 million and as of December 31, 2013 SGS is a wholly-owned subsidiary.

The below tables shows the changes in our equity-method investments in associates for the years ended December 31, 2013 and 2012:

(in thousands)	2013	2012
Investments in associates as at January 1st	**22,122**	35,647
Acquisition of shares	**4,319**	—
Impairment	**(3,443)**	—
Reduction in investment in associates upon the full acquisition of Scandinavian Gene Synthesis AB	**—**	(15,714)
Share of profit / (loss)	**1,661**	1,726
Exchange rate differences	**359**	463
Investments in associates as at December 31st	**$ 25,018**	$ 22,122

The following overview reflects 100% of the balances of the relating companies:

(in millions)	2013	2012
Total assets	**$ 55.5**	$ 53.0
Shareholders' equity	**$ 58.1**	$ 48.0
Net sales	**$ 19.6**	$ 15.0
Net result (Group's share)	**$ 5.4**	$ 2.0

12. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended December 31, 2013 and 2012 are as follows:

(in thousands)	2013	2012
Goodwill as at January, 1st	**$ 1,783,913**	$ 1,746,773
Goodwill acquired during the year	**119,185**	82,599
Earn-out and milestones payments	**—**	(36)
Purchase adjustments	**—**	(58,534)
Currency adjustments	**(22,608)**	13,111
Goodwill as at December 31st	**$ 1,880,490**	$ 1,783,913

The changes in the carrying amount of goodwill during the year ended December 31, 2013 resulted from the 2013 acquisitions and foreign currency translation. During 2012, changes in goodwill resulted primarily from 2012 acquisitions, purchase price adjustments primarily related to the 2011 acquisitions, including changes in the fair value of contingent consideration as discussed in Note 24, and foreign currency translation. Accumulated goodwill impairment totaled $1.6 million as of December 31, 2013 and 2012.

In the fourth quarter of 2013, we performed our annual impairment assessment of goodwill (using data as of October 1, 2013) in accordance with the provisions of IAS 36. No events or changes in circumstances indicated that the acquired goodwill might be impaired.

Management monitors and makes decisions regarding the Company's operations on a functional specific and global level. Therefore, we concluded that the goodwill impairment test needs to be performed on the level of the consolidated Group as a whole (one cash generating unit). In testing for potential impairment, we measured the estimated fair value of the cash generating unit based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds.

For impairment testing, the recoverable amount of goodwill allocated to the cash generating unit (higher of the cash generating unit's fair value less selling costs and its value in use) is compared to the carrying amount of the net assets employed (including goodwill) of the cash generating unit. Value in use is normally assumed to be higher than the fair value less selling costs;

therefore, fair value less selling costs is only investigated when value in use is lower than the carrying amount of the cash generating unit.

Key assumptions used in the value in use calculations

The value in use is calculated based on estimated future cash flow projections expected to result from the use of the cash generating unit, discounted using an appropriate long-term pre-tax discount rate. The value in use calculations use cash flow projections based on financial budgets and models over the projection period (five years) as available for internal reporting purposes and in accordance with standard valuation practices. The growth rates used are based on industry growth forecasts for the projected period as well as for the subsequent period (long-term growth rate of 3% in 2013 and 2012). The discount rates used are based on the pre-tax weighted average cost of capital (2013: 8.90%; 2012: 9.30%) and are verified against external analyst reports.

Sensitivity to changes in assumptions

Changes in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts. In estimating future cash flows, we used our internal budgets. Our budgets were based on recent sales data for existing products, planned timing of new product launches or capital projects, and customer commitments related to new and existing products. These budgets also included assumptions of future production volumes and pricing. The calculation of value in use is most sensitive to discount rates and growth rates used.

Discount rates reflect management's estimate of the risks profile for the respective valuation object. The growth rates used are based on industry growth forecasts for the projected period as well as for the subsequent period.

We concluded that no impairment existed. We believe that any reasonably possible change in the key assumptions would not have an impact on reported goodwill. Even if our estimates of projected future cash flows were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2013. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the cash generating unit and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

Other Intangible Assets

Cost (in thousands)	Technology rights and patents	Software licenses	Development costs	Other intellectual properties	Total
January 1, 2012	$ 902,522	$ 65,345	$ 102,347	$ 334,394	$ 1,404,608
Currency adjustments	8,153	975	3,244	4,552	16,924
Additions	18,673	8,762	21,401	(4,204)	44,632
Business combinations	72,966	—	11,222	55,571	139,759
Disposals	(13,464)	(6,674)	(7,787)	—	(27,925)
Transfers	4,327	17,872	(1,700)	935	21,434
December 31, 2012	993,177	86,280	128,727	391,248	1,599,432
Currency adjustments	(1,072)	2,639	2,780	(3,342)	1,005
Additions	34,225	8,379	11,258	—	53,862
Business combinations	54,463	58	—	17,985	72,506
Disposals	(17,261)	(6,003)	(17,885)	—	(41,149)
Transfers	5,736	12,612	(10,880)	4,796	12,264
December 31, 2013	**$ 1,069,268**	**$ 103,965**	**$ 114,000**	**$ 410,687**	**$ 1,697,920**

Amortization (in thousands)	Technology rights and patents	Software licenses	Development costs	Other intellectual properties	Total
January 1, 2012	$ (325,404)	$ (38,724)	$ (56,568)	$ (92,025)	$ (512,721)
Currency adjustments	(3,199)	(688)	(2,521)	(1,073)	(7,481)
Additions	(95,877)	(8,196)	(11,009)	(33,808)	(148,890)
Impairment losses	(1,958)	(4,033)	(5,569)	—	(11,560)
Disposals	13,454	6,667	7,787	—	27,908
Transfers	(539)	—	453	—	(86)
December 31, 2012	(413,523)	(44,974)	(67,427)	(126,906)	(652,830)
Currency adjustments	(10,011)	(1,428)	(2,043)	1,064	(12,418)
Additions	(90,662)	(10,799)	(12,322)	(36,222)	(150,005)
Impairment losses	(19,696)	(1,123)	(15,143)	—	(35,962)
Disposals	6,053	2,342	17,885	—	26,280
Transfers	—	1,228	1,005	353	2,586
December 31, 2013	**(527,839)**	**(54,754)**	**(78,045)**	**(161,711)**	**(822,349)**
Net book value					
December 31, 2012	579,654	41,306	61,300	264,342	946,602
December 31, 2013	**$ 541,429**	**$ 49,211**	**$ 35,955**	**$ 248,976**	**$ 875,571**

Amortization expense on intangible assets is included in the line items cost of sales, research and development expense, sales and marketing expense or general and administrative expense in the accompanying consolidated statements of income depending on the nature and use of the asset. In 2013, purchased intangibles amortization related to developed technology and patent and license rights acquired in a business combination is included in cost of sales in the amount of $77.9 million (2012: $78.5 million) and purchased intangibles amortization of trademarks and customer base acquired in a business combination is recorded in sales and marketing expense in the amount of $35.5 million (2012: $36.1 million).

Amortization of capitalized development costs have been recorded to cost of sales in the amount of $12.3 million in 2013 (2012: $11.0 million).

In 2013, we recorded impairment charges on capitalized development expenses for projects we will not continue of $15.1 million (2012: $5.6 million).

13. Provisions

For the years ended December 31, 2013 and 2012, provisions as per the accompanying consolidated statements of financial position totaled $9.3 million and $5.6 million, respectively, and included amounts related to our warranty and acquisition related provisions.

Warranty provision

We provide warranties on our products against defects in materials and workmanship generally for a period of one year. A provision for estimated future warranty costs is recorded in cost of sales at the time product revenue is recognized. Product warranty obligations are included in provisions in the accompanying consolidated statement of financial position. The changes in the carrying amount of warranty obligations are as follows:

(in thousands)	2013	2012
Warranty obligation as at January 1st	**$ 4,363**	$ 3,910
Provision charged to income	**5,238**	4,631
Usage	**(4,590)**	(4,099)
Adjustments to previously provided amounts, net	**(103)**	(213)
Currency adjustments	**28**	134
Warranty obligation as at December 31st	**$ 4,936**	$ 4,363

Acquisition related cost

The provision for acquisition and related costs primarily relates to personnel, consulting and lease costs.

(in thousands)	2013	2012
Acquisition related costs as at January 1st	**$ 1,273**	$ 1,153
Provision charged to income	**4,550**	1,058
Usage	**(1,555)**	(806)
Currency adjustments and other	**134**	(132)
Acquisition related costs as at December 31st	**$ 4,402**	$ 1,273

For all provisions it is expected that the respective amounts will be utilized in the next financial year.

14. Other Current and Non-current Liabilities

Other current liabilities at December 31, 2013 and 2012 consist of the following:

(in thousands)	2013	2012
Accrued expenses	**$ 86,785**	$ 63,111
Payroll and related accrued liabilities	**53,864**	49,563
Deferred revenue	**50,642**	27,296
Royalties	**19,925**	17,600
Fair values of derivative financial instruments	**14,518**	12,911
Accrued earn-out and milestones payments	**6,127**	9,806
Current finance lease obligations	**4,719**	4,203
Pre-acquisition contingencies assumed in acquisition	**135**	5,493
Other current liabilities	**$ 236,715**	$ 189,983

Other non-current liabilities at December 31, 2013 and 2012 consist of the following:

(in thousands)	2013	2012
Accrued expenses	**$ 22,300**	$ 11,559
Non-current finance lease obligations	**$ 11,577**	$ 15,685
Deferred revenue	**4,556**	21,319
Accrued earn-out and milestones payments	**—**	9,176
Other non-current liabilities	**$ 38,433**	$ 57,739

15. Financial Debts

Our credit facilities available at December 31, 2013 total €436.6 million (approximately $602.1 million). This includes a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at December 31, 2013, and four other lines of credit amounting to €36.6 million with no expiration date, none of which were utilized as of December 31, 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. The commitment fee is calculated based on 35% of the applicable margin. In 2013 and 2012, $1.3 million and $1.1 million of commitment fees were paid. 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 December 31, 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 $400.0 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73.0 million 7-year term due in 2019 (3.19%); (2) $300.0 million 10-year term due in 2022 (3.75%); and (3) $27.0 million 12-year term due in 2024 (3.90%). We paid $2.1 million in debt issue costs which will be amortized through interest expense over the lifetime of the notes. Approximately €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. 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 December 31, 2013 and 2012. Based on an estimation using the changes in the U.S. Treasury rates, the fair value of these senior notes as of December 31, 2013 was approximately $373.5 million.

At December 31, 2013, total long-term debt was approximately $845.5 million, $0.2 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 2014.

(in thousands)	2013	2012
Revolving Credit Facility	**$ —**	$ —
3.25% Convertible Note due 2026	**300,000**	295,641
1.5% Convertible Note due 2024	**145,000**	145,000
3.19% Series A Senior Notes due 2019	**73,000**	73,000
3.75% Series B Senior Notes due 2022	**300,000**	300,000
3.90% Series C Senior Notes due 2024	**27,000**	27,000
Other notes payable bearing interest up to 6.28% and due through 2015	**483**	1,992
Total current and non-current financial debts	**845,483**	842,633
Less: current portion of financial debts	**207**	948
Total non-current financial debts	**$ 845,276**	$ 841,685
Total amount secured	**—**	—
Unused lines of credit for short-term financing	**602,115**	577,900

Interest expense on non-current debt was $28.8 million for the year ended December 31, 2013 (2012: $28.5 million).

Breakdown by maturities for payments due for nominal amounts and future interest as of December 31, 2013 and 2012 is as follows:

As of December 31, 2013 (in thousands)	Carrying value	Loans (fixed and floating-rate)	Convertible notes (fixed-rate)	Total Cash out
2014	$ 207	$ 14,891	$ 11,925	$ 26,816
2015	276	14,960	11,925	26,885
2016	—	14,632	11,925	26,557
2017	—	14,632	11,925	26,557
2018	—	14,632	11,925	26,557
Thereafter	845,000	453,647	529,637	983,284
Total financial debts 2013	**$ 845,483**	**$ 527,394**	**$ 589,262**	**$1,116,656**

As of December 31, 2012 (in thousands)	Carrying value	Loans (fixed and floating-rate)	Convertible notes (fixed-rate)	Total Cash out
2013	$ 948	$ 15,649	$ 11,925	$ 27,574
2014	396	15,080	11,925	27,005
2015	648	15,332	11,925	27,257
2016	—	14,632	11,925	26,557
2017	—	14,632	11,925	26,557
Thereafter	840,641	468,278	537,204	1,005,482
Total financial debts 2012	**$ 842,633**	**$ 543,603**	**$ 596,829**	**$1,140,432**

In August 2004, the Company completed the sale of $150.0 million principal amount of 1.50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11.5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection with the conversion of $5.0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding 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 (Luxembourg) S.A., the fair value of the Notes at December 31, 2013, was approximately $267.5 million (2012: $209.7 million). The effective interest rate of the Notes amounts to 1.5%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the sale of $300.0 million principal amount of 3.25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes is payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15.0 million shares of

common shares at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. The 2006 Notes cannot be called for the first 7 years and are callable thereafter 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 Notes for 100% of the principal amount, plus accrued interest, on May 16, 2013, 2017 and 2022. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2013, was approximately $381.9 million (2012: $358.4 million). The effective interest rate of the Notes amounts to 6.4%. The Company has reserved 15.0 million of common stock for issuance in the event of conversion.

16. Income Tax

Major components of income tax expense as presented in the income statement for the years ended December 31, 2013 and 2012, are:

(in thousands)	2013	2012
Current Income Tax	**$ 40,755**	$ 42,577
Current income tax charge	**41,643**	39,772
Adjustment in respect of current income tax of previous years	**(888)**	2,805
Deferred Income Tax	**(74,030)**	(31,526)
Relating to origination and reversal of temporary differences	**(72,390)**	(30,440)
Relating to changes in tax rates	**(1,640)**	(1,086)
Total Income Tax	**$ (33,275)**	$ 11,051

Deferred tax related to items charged or credited directly to equity during the year and shown in the statement of comprehensive income comprises:

(in thousands)	2013	2012
Net (loss) / gain on revaluation of cash flow hedges	**$ —**	$ (324)
Net (loss) / gain on foreign currency translation differences	**(2,116)**	475
Total Income Tax in Statement of Comprehensive Income	**$ (2,116)**	$ 151

The applicable statutory income tax rate in The Netherlands was 25.0% in 2013 and in 2012. The principal items comprising the differences between income taxes computed at the Netherlands statutory rate and the effective tax rate for the years ended December 31, 2013 and 2012 is as follows:

(in thousands)	2013	2012
Income before Tax	**$ 12,766**	$ 137,273
At Dutch statutory income tax rate of 25.0%	**3,191**	34,318
Effect of tax rate differences	**(1,104)**	2,680
Income taxes related to prior years	**(888)**	2,805
Changes in tax rates impacting deferred taxes	**(1,640)**	(1,086)
Deferred taxes due to change in tax law	**—**	2,697
Income tax impact from permanent differences	**6,219**	4,854
Income tax impact from tax exempt income	**(38,371)**	(36,969)
Other	**(682)**	1,752
Total Income Tax	**$ (33,275)**	$ 11,051

The tax exempt income is primarily related to income that is exempt under the Dutch Participation Exemption.

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. Tax years in the Netherlands are

open since 2001 for income tax examinations by tax authorities. Our subsidiaries, with few exceptions, are no longer subject to income tax examinations by tax authorities for years before 2009. The U.S. consolidated group is subject to federal and most state income tax examinations by tax authorities beginning the year ending December 31, 2009 through the current period.

During 2013, we were contacted by the U.S. tax authorities (Internal Revenue Service) and notified of their intent to examine the U.S. federal tax return for 2011. The audit commenced early in 2014.

In 2012, we established a reserve related to withholding tax on a specific intercompany transaction for $3.9 million including penalty. During 2013, we settled on this issue with the relevant tax authorities, which resulted in a release of the remaining $1.9 million reserve in the fourth quarter of 2013.

We do not currently anticipate that our existing reserves related to uncertain tax positions as of December 31, 2013 will significantly increase or decrease during the twelve-month period ending December 31, 2014. However, various events could cause our current expectations to change in the future. The majority of these uncertain tax positions, if ever recognized in the financial statements, would be recorded in the statement of operations as part of the income tax provision.

At December 31, 2013 and 2012, our net unrecognized tax benefits totaled approximately $11.6 million and $8.8 million, respectively, of which $11.6 million and $8.8 million in benefits, if recognized, would favorably, affect our effective tax rate in any future period. It is possible that approximately $0.8 million of the unrecognized tax benefits may be released during the next 12 months due to lapse of statute of limitations or settlements with tax authorities.

Our policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties within tax provision expense. At December 31, 2013 and 2012, we have net interest (income) expense and penalties of $(1.7) million and $2.8 million, respectively. At December 31, 2013 and 2012, we have accrued interest of $1.3 million and $3.0 million, respectively, which are not included in the table above.

We have recorded net deferred tax liabilities of $77.4 million and $157.0 million at December 31, 2013 and 2012, respectively. The components of the net deferred tax liability at December 31, 2013 and December 31, 2012 are as follows:

(in thousands)	2013	2012	Change
Accrued liabilities	**$ 21,520**	$ 21,412	$ 108
Equity awards	**23,484**	14,181	9,303
Inventories	**29,380**	25,082	4,298
Tax credits	**1,774**	611	1,163
NOL carry forward	**43,108**	17,664	25,444
Currency revaluation	**399**	266	133
Intangibles	**4,698**	5,270	(572)
Finance lease	**1,925**	2,149	(224)
Allowance for bad debts	**2,351**	687	1,664
Depreciation and amortization	**2,132**	606	1,526
Other	**27,867**	10,056	17,811
Offsetting	**(150,381)**	(89,746)	(60,635)
Deferred Tax Asset	**8,257**	8,238	19
Intangibles	**(223,155)**	(237,712)	14,557
Bifurcation of convertible debt	**—**	(1,221)	1,221
Depreciation and amortization	**(7,260)**	(10,027)	2,767
Accrued liabilities	**—**	(552)	552
Currency revaluation	**(57)**	(746)	689
Inventories	**(1,304)**	(1,410)	106
Unremitted profits earnings	**(1,150)**	(1,215)	65
Allowance for bad debts	**(1,016)**	(600)	(416)
Other	**(2,063)**	(1,522)	(541)
Offsetting	**150,381**	89,746	60,635
Deferred Tax (Liability)	**$ (85,624)**	$ (165,259)	$ 79,635
Net Deferred Tax Asset/ (Liability)	**$ (77,367)**	$ (157,021)	$ 79,654

The movement in deferred income tax assets and liabilities during the year is as follows:

(in thousands)	2013	2012
Change in deferred tax recognized in income	**$ 74,030**	$ 31,526
Change in deferred tax related to business combinations	**(1,593)**	(17,280)
Change in deferred tax recognized in equity	**7,217**	(6,107)
Change in Deferred Tax	**$ 79,654**	$ 8,139

At December 31, 2013 and 2012, we had $201.1 million and $58.7 million in total foreign net operating loss (NOL) carryforwards. At December 31, 2013 and 2012, we had $99.1 million and $13.5 million of U.S. federal (NOL) carryforwards. At December 31, 2013, the entire NOLs in the U.S. are subject to limitations under Section 382 of the Internal Revenue Code. In 2013, the U.S. NOL increases significantly due to the acquisition of Ingenuity Systems, Inc., which carried over $96.0 million NOL. Approximately $66.0 million of NOL will be limited under IRC 382 and we anticipate that we will only be able to utilize about $31.0 million of the total NOL. The remaining NOL is not expected to be utilized before expiration. The NOLs in the U.S. will expire beginning December 31, 2020 through December 31, 2030. As of December 31, 2013 and 2012, we had other foreign NOL carryforwards totaling approximately $102.0 million and $45.2 million, respectively. These NOLs were primarily generated in Germany, acquisitions and operating losses from our subsidiaries. In 2013, Germany generated approximately $60.7 million NOL due to restructuring charges and we are expecting to fully utilize the NOL in Germany in 2014. A portion of the foreign NOLs will be expiring beginning December 31, 2014. The valuation allowance amounts for the years ended December 31, 2013 and 2012 are $0.6 million and $0.4 million, respectively. In 2013, we established additional valuation allowance of $0.2 million.

As of December 31, 2013, a provision has not been made for residual Netherlands income taxes 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. These earnings retained by subsidiaries and equity accounted investments amounted to $259.4 million at December 31, 2013. We have $17.6 million of undistributed earnings that we do not consider permanently reinvested and have recorded deferred income taxes or withholding taxes at December 31, 2013 and December 31, 2012, of approximately $1.2 million. There are no income tax consequences regarding payment of dividends to our shareholders. To date, we have never paid dividends.

17. Retained Earnings

At the Annual General Meeting of Shareholders on June 25, 2014, the Board of Directors will propose to carry forward the profit for the year of QIAGEN N.V., the holding company of the Group, which is determined in accordance with the legal provisions of the Dutch Civil Code.

18. Share Repurchase Program

In 2012, the Supervisory Board approved a program authorizing management to purchase up to a total of $100 million of our common shares (excluding transaction costs). In 2012, a total of 1.9 million QIAGEN shares were repurchased for approximately $35.7 million. In the first half of 2013, 3.1 million QIAGEN shares were repurchased for approximately $63.3 million, under this program. We completed this share repurchase program in April 2013 having repurchased, between October 2012 and April 2013, a total of 5.1 million QIAGEN shares for an aggregate cost of $99.0 million.

In 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 five million shares until December 31, 2013. In 2013, 1.0 million QIAGEN shares were repurchased for $22.7 million under this program.

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.

19. Earnings per Common Share

We present basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net income attributable to the owners of QIAGEN N.V. by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if all "in the money" securities to issue common shares were exercised. In 2013 and 2012, the effect of the convertible bonds (discussed in Note 15) was excluded from calculating diluted earnings per share as it was antidilutive.

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

	Years ended December 31,	
(in thousands, except per share data)	**2013**	**2012**
Net income attributable to the owners of QIAGEN N.V.	**$ 46,016**	$ 126,191
Weighted average number of common shares used to compute basic net income per common share	**234,000**	235,582
Dilutive effect of stock options and awards	**3,023**	2,341
Weighted average number of common shares used to compute diluted net income per common share	**237,023**	237,923
Outstanding options and awards having no dilutive effect, not included in above calculation	**1,616**	2,906
Basic earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.20**	$ 0.54
Diluted earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.19**	$ 0.53

20. Commitments and Contingencies

Lease commitments

We lease facilities and equipment under operating lease arrangements expiring in various years through 2022. Certain rental commitments provide for escalating rental payments or have renewal options extending through various years. Certain facility and equipment leases constitute finance leases expiring in various years through 2018. The accompanying consolidated financial statements include the assets and liabilities arising from these capital lease obligations. Rent expense under non-cancelable operating lease agreements was $26.4 million in 2013 and $21.5 million in 2012.

Minimum future obligations under finance and operating leases at December 31, 2013, are as follows:

(in thousands)	**Finance Leases**	**Operating Leases**
2014	$ 5,702	$ 15,759
2015	5,495	12,289
2016	4,187	7,422
2017	1,597	3,197
2018	1,350	2,818
Thereafter	—	5,573
Total minimum lease obligations at December 31, 2013	18,331	$ 47,058
Less: amount representing interest	(2,035)	
Less: current portion	(4,719)	
Present value of minimum lease obligations at December 31, 2013	$ 11,577	

The information for the comparative period is provided below:

(in thousands)	Finance Leases	Operating Leases
2013	$ 5,396	$ 16,309
2014	5,304	11,389
2015	5,290	9,834
2016	3,998	5,879
2017	1,429	3,234
Thereafter	1,429	7,809
Total minimum lease obligations at December 31, 2012	22,846	$ 54,454
Less: amount representing interest	(2,958)	
Less: current portion	(4,203)	
Present value of minimum lease obligations at December 31, 2012	$ 15,685	

Licensing and Purchase Commitments

We have licensing agreements with companies, universities and individuals, some of which require certain up-front payments. Royalty payments are required on net product sales ranging from one to 25 percent of covered products or based on quantities sold. Several of these agreements have minimum royalty requirements. The accompanying consolidated financial statements include accrued royalties relating to these agreements in the amount of $19.9 million and $17.6 million at December 31, 2013 and 2012, respectively. Royalty expense relating to these agreements amounted to $53.2 million and $52.5 million, for the years ended December 31, 2013 and 2012, respectively. Royalty expense is primarily recorded in cost of sales, with a small portion recorded as research and development expense depending on the use of the technology under license. Some of these agreements also have minimum raw material purchase requirements and requirements to perform specific types of research.

At December 31, 2013, we had commitments to purchase goods or services, and for future minimum guaranteed royalties. They are as follows:

(in thousands)	Purchase Commitments	Licensing Commitments
2014	$ 80,525	$ 2,600
2015	17,498	556
2016	13,924	581
2017	9,912	581
2018	8,340	581
Thereafter	9,161	1,241
Total licensing and purchase commitments at December 31, 2013	$ 139,360	$ 6,140

The information for the comparative period is provided below:

(in thousands)	Purchase Commitments	Licensing Commitments
2013	$ 54,754	$ 9,224
2014	4,124	3,762
2015	1,339	1,773
2016	152	1,798
2017	—	1,799
Thereafter	—	2,905
Total licensing and purchase commitments at December 31, 2012	$ 60,369	$ 21,261

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in Note 5, we could be required to make additional contingent cash payments totaling up to $120.3 million based on the achievement of certain revenue and operating results milestones as follows: $65.7 million in 2014, $16.5 million in 2015, $17.8 million in 2016, $7.0 million in 2017, and $13.3 million, payable in any 12-month period from now until 2016 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the $120.3 million total contingent obligation, we have assessed the fair value at December 31, 2013 to be $6.1 million is included in other current liabilities.

Employment Agreements

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2013, the commitment under these agreements totaled $15.7 million (2012: 15.3 million).

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 as of December 31, 2013 and 2012 appropriately reflect the estimated cost of such warranty obligations.

Preacquistion Contingencies

In connection with certain acquisitions, amounts were paid into escrow accounts to cover preacquistion contingencies assumed in the acquisition. The escrow amounts expected to be claimed by QIAGEN are recorded as an asset in prepaid and other expenses and amount to $2.5 million as of December 31, 2013 ($7.5 million as of December 31, 2012). In addition, we have recorded $0.1 million for preacquistion contingencies as a liability under other current liabilities as of December 31, 2013 ($5.5 million as of December 31, 2012).

Litigation

From time to time, we may be party to legal proceedings incidental to our business. As of December 31, 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 that the amount of the probable loss can be estimated. Based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on QIAGEN's financial position or results of operations.

21. Share-Based Payments

We adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) in 2005. The Plan allows for the granting of stock rights and incentive stock options, as well as non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, options vest over a three-year period. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date all option grants have been at the market value on the grant date or at a premium above the closing market price on the grant date. The Company issues new common shares or uses treasury shares to satisfy option exercises and award releases and had approximately 16.4 million shares of common stock reserved and available for issuance under this plan at December 31, 2013.

Stock Options

During the years ended December 31, 2013 and December 31, 2012, the Company granted 543,903 and 592,829 stock options, respectively. Following are the weighted-average assumptions used in valuing the stock options granted to employees for the years ended December 31:

	2013	2012
Stock price volatility	**27.59%**	35%
Risk-free interest rate	**1.184%**	0.83%
Expected life (in years)	**6.08**	5.94
Dividend rate	**0%**	0%
Forfeiture rate	**4.1%**	5.9%

A summary of the status of employee stock options as of December 31, 2013 and 2012, and changes during the years then ended is presented below:

	Stock Options (in thousands)	Weighted Average Exercise Price US$
Outstanding at January 1, 2013	**5,333**	**$ 14.16**
Granted	**544**	**$ 20.26**
Exercised	**(2,398)**	**$ 10.59**
Forfeited	**(46)**	**$ 20.19**
Expired	**(39)**	**$ 16.93**
Outstanding at December 31, 2013	**3,394**	**$ 17.54**
Vested at December 31, 2013	**2,321**	**$ 16.99**
Vested and expected to vest at December 31, 2013	**3,344**	**$ 17.54**
Outstanding at January 1, 2012	6,527	$ 13.61
Granted	593	$ 16.00
Exercised	(1,444)	$ 11.53
Forfeited	(82)	$ 18.90
Expired	(261)	$ 17.64
Outstanding at December 31, 2012	5,333	$ 14.16
Vested at December 31, 2012	4,252	$ 13.18
Vested and expected to vest at December 31, 2012	5,257	$ 14.12

Generally, stock option grants are valued as a single award with a single average expected term and are amortized over the vesting period. The weighted-average grant-date fair value of options granted during the years ended December 31, 2013, and 2012 was $5.79, and $5.37, respectively. The total intrinsic value of options exercised during the years ended December 31, 2013 and 2012 was $25.3 million and $7.2 million, respectively. At December 31, 2013, the unrecognized share-based compensation expense related to employee stock option awards including estimated forfeitures is approximately $3.2 million and will be recognized over a weighted average period of approximately 1.58 years.

At December 31, 2013, and 2012, options were exercisable with respect to 2.3 million and 4.3 million Common Shares at a weighted average price of $16.99 and $13.18 per share, respectively. The options outstanding at December 31, 2013 expire in various years through 2023.

Stock Units

Stock units represent rights to receive Common Shares at a future date and include restricted stock units which are subject to time-vesting only and performance stock units which include performance conditions in addition to time-vesting. There is no exercise price and the fair market value at the time of the grant is recognized over the requisite vesting period, generally 10 years. The fair market value is determined based on the number of restricted stock units granted and the market value of our shares on the grant date. Pre-vesting forfeitures were estimated to be approximately 4.7% (2012: 7.1%). At December 31, 2013, there was $123.4 million remaining in unrecognized compensation cost including estimated forfeitures related to these awards, which is expected to be recognized over a weighted average period of 3.0 years (2012: $67.6 million over a weighted average of 2.9 years). The weighted average grant date fair value of restricted stock units granted during the year ended December 31, 2013 was $21.27 (2012: $15.80). The total fair value of restricted stock units released during the years ended December 31, 2013 and 2012 was $22.6 million and $13.3 million, respectively.

A summary of stock units as of December 31, 2013 and 2012, and changes during the year then ended are presented below:

(in thousands)	2013	2012
Outstanding at January, 1st	**6,921**	5,651
Granted	**4,296**	2,574
Released	**(1,097)**	(831)
Forfeited	**(424)**	(473)
Outstanding at December 31st	**9,696**	6,921
Vested and expected to vest at December 31st	**8,561**	5,732

Compensation Expense

Share-based compensation expense for the years ended December 31, 2013 and 2012 totaled approximately $43.8 million and $29.1 million, respectively as shown in the table below. No share-based compensation cost was capitalized in inventory in 2013 and 2012 as the amounts were not material.

(in thousands)	2013	2012
Cost of sales	**$ 4,165**	$ 2,859
Research and development	**8,696**	4,712
Sales and marketing	**12,344**	7,072
General and administrative	**18,561**	14,414
Share-based compensation expense before taxes	**43,766**	29,057
Income tax benefit	**4,987**	7,861
Net share-based compensation expense	**$ 38,779**	$ 21,196

22. Employee Benefits and Personnel Costs

We maintain various benefit plans, including defined contribution and defined benefit plans. Our U.S. defined contribution plan is qualified under Section 401(k) of the Internal Revenue Code, and covers substantially all U.S. employees. Participants may contribute a portion of their compensation not exceeding a limit set annually by the Internal Revenue Service. This plan includes a provision for us to match a portion of employee contributions. Total expense under the 401(k) plans, including the plans acquired via business acquisitions, was $1.7 million and $3.1 million for the years ended December 31, 2013 and 2012, respectively. In 2013, the total expense was lower partially due to matching amounts which were funded from forfeited amounts. We also have a defined contribution plan which covers certain executives. We make matching contributions up to an established maximum. Matching contributions made to the plan, and expensed, totaled approximately $0.3 million in each year ended December 31, 2013 and 2012.

We have four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, we calculate the vested benefits to which employees are entitled if they separate immediately. The benefits accrued on a pro-rata basis during the employees' employment period are based on the individuals' salaries, adjusted for inflation. The liability under the defined benefit plans was $4.3 million at December 31, 2013 and $3.0 million at December 31, 2012.

Personnel Costs

Personnel costs amounted to $450.8 million in 2013 (2012: $397.2 million). As of December 31, 2013, there were 4,015 employees within the Group (2012: 3,999).

(in thousands)	2013	2012
Salaries and wages	**$ 252,009**	$ 240,890
Social security	**48,696**	45,323
Share-based payment expense	**43,766**	29,057
Termination costs	**26,883**	4,049
Other	**79,441**	77,885
Personnel Costs	**$ 450,795**	$ 397,204

The personnel costs are allocated to the functional areas in which the respective employees are working or in the case of the incremental termination benefits which are the result of restructuring activities as discussed in Note 6 are recorded in cost of sales and general and administrative, restructuring, integration and other costs.

23. Related Party Transactions

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 paid a total of $7.7 million in 2013 and will be required to pay another $2.0 million which will become due through 2015 based on the achievement of certain milestones.

In 2011, we had a consulting agreement with Dr. Metin Colpan, our former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan is paid a fee of EUR 2,750 per day for consulting services, subject to adjustment. We incurred consulting expenses of approximately $0.1 million as of December 31, 2011 for scientific consulting services under this agreement. In January 2012, the agreement under which Dr. Colpan provided scientific consulting services terminated.

From time to time, we have transactions with other companies in which we hold an interest all of which are individually and in the aggregate immaterial, as summarized in the table below:

(in thousands)	2013	2012
Net sales	$ 6,193	$ 7,068
Accounts receivable	$ 5,680	$ 2,651
Accounts payable	$ 537	$ 3,699
Loans receivable	$ —	$ 1,674

Compensation of Directors and Officers

Total compensation for members of the Managing Board and Supervisory for the period ended December 31, 2013, amounts to $15.8 million (2012: $16.7 million) as shown in the table below. Total non-periodical remuneration according to Dutch Civil Code included in total compensation for the period ended December 31, 2013 was $5.0 million (2012: $ 3.9 million).

Remuneration of the Managing Board

The tables below state the amounts earned on an accrual basis by our Managing Board members in 2013 and 2012.

For the year ended December 31, 2013 (in US$ thousands, except for number of option and award grants)	Peer M. Schatz	Roland Sackers
Fixed Salary	1,328	581
Other [1]	6	61
Total fixed income 2013	**1,334**	**642**
Short-term variable cash bonus	160	59
Total short-term income 2013	**1,494**	**701**
Defined contribution on benefit plan	86	97
Number of stock options granted 2013	*137,859*	*43,378*
Related recognized compensation expense	420	132
Number of restricted stock units granted 2013	*419,717*	*132,065*
Related recognized compensation expense	1,791	563
Number of performance stock units granted 2013 [2] [3]	*501,079*	*158,724*
Related recognized compensation expense	830	273

(1) Amounts include, among others, reimbursed personal expenses such as tax consulting. We also occasionally reimburse our Managing Directors' personal expenses related to attending out-of-town meetings but not directly related to their attendance. Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN, other reimbursements or payments that in total did not exceed $10,000 or tax amounts paid by the Company to tax authorities in order to avoid double-taxation under multi-tax jurisdiction employment agreements.

(2) Includes Performance Stock Units which are granted as compensation component for the years 2014-2016 and which will replace future stock option grants in this period. The Performance Stock Units are directly linked with the future achievement of QIAGEN's five-year business plan as well as a mandatory minimum holding level of QIAGEN shares and the standard vesting terms for equity awards apply (vesting of 40% after three years, 50% after five years and 10% after ten years).

(3) Includes Performance Stock Units which were granted in lieu of a portion of the 2013 cash bonus.

For the year ended December 31, 2012 (in US$ thousands, except for number of option and award grants)	Peer M. Schatz	Roland Sackers	Dr. Joachim Schorr [1]	Bernd Uder [2]
Fixed Salary	1,226	540	113	344
Other [3]	5	34	635	20
Total fixed income 2012	**1,231**	**574**	**748**	**364**
Short-term variable cash bonus	168	60	—	85
Total short-term income 2012	**1,399**	**634**	**748**	**449**
Defined contribution on benefit plan	84	86	10	52
Number of stock options granted 2012	*134,109*	*44,945*	—	*19,549*
Related recognized compensation expense	339	113	—	49
Number of restricted stock units granted 2012	*465,181*	*155,901*	—	*45,207*
Related recognized compensation expense	1,449	485	—	106
Number of performance stock units granted 2012	*50,540*	*17,213*	—	*66,384*
Related recognized compensation expense	406	138	—	295

(1) Dr. Joachim Schorr was a member of our Managing Board until April 30, 2012.
(2) Bernd Uder was a member of our Managing Board until December 31, 2012.
(3) Amounts include, among others, separation payments, inventor bonus and relocation costs. We also occasionally reimburse our Managing Directors' personal expenses related to attending out-of-town meetings but not directly related to their attendance. The value of such reimbursed personal expenses is reported above as "other." Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN, other reimbursements or payments that in total did not exceed $10,000 or tax amounts paid by the Company to tax authorities in order to avoid double-taxation under multi-tax jurisdiction employment agreements.

Remuneration of the Supervisory Board

The following table summarizes the total compensation paid to the members of the Supervisory Board in 2013 and 2012:

For the year ended December 31, 2013 (in US$ thousands, except for number of share grants and options)	Prof. Dr. Detlev Riesner	Stéphane Bancel	Dr. Werner Brandt	Dr. Metin Colpan	Prof. Dr. Manfred Karobath	Lawrence A. Rosen	Elizabeth E. Tallett
Short-term compensation 2013							
Fixed remuneration	41.1	20.5	41.1	41.1	41.1	20.5	41.1
Chairman / vice chairman committee	27.4	—	24.0	—	3.4	—	—
Meeting attendance	9.6	5.5	8.2	9.6	9.6	6.9	8.2
Committee membership	—	3.4	—	—	6.8	5.1	17.1
Subcommittee meeting attendance	5.5	1.4	—	4.1	5.5	—	—
Variable cash bonus	—	—	—	—	—	—	—
	83.6	**30.8**	**73.3**	**54.8**	**66.4**	**32.5**	**66.4**
Long-term compensation 2013							
Number of stock options granted	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Related recognized compensation expense	—	—	—	—	—	—	—
Number of restricted stock units granted	*10,000*	*0*	*10,000*	*10,000*	*10,000*	*0*	*10,000*
Related recognized compensation expense	137	—	41	41	137	—	73

For the year ended December 31, 2012 (in US$ thousands, except for number of share grants and options)	Prof. Dr. Detlev Riesner	Dr. Werner Brandt	Dr. Metin Colpan	Erik Hornnaess	Prof. Dr. Manfred Karobath	Heino von Prondzynski	Elizabeth E. Tallett
Short-term compensation 2012							
Fixed remuneration	38.5	38.5	38.5	38.5	38.5	38.5	38.5
Chairman / vice chairman committee	25.7	19.3	—	19.3	—	—	—
Meeting attendance	6.5	6.5	6.5	6.5	6.5	5.0	5.0
Committee membership	—	—	—	9.5	6.5	—	16.0
Subcommittee meeting attendance	3.8	—	3.8	—	2.5	2.5	—
Variable cash bonus	6.5	6.5	6.5	6.5	6.5	6.5	6.5
	81.0	**70.8**	**55.3**	**80.3**	**60.5**	**52.5**	**66.0**
Long-term compensation 2012							
Number of stock options granted	*1,563*	*1,563*	*1,563*	*1,563*	*1,563*	*1,563*	*1,563*
Related recognized compensation expense	4	4	4	4	4	4	4
Number of restricted stock units granted	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
Related recognized compensation expense	25	25	25	25	25	25	25

Supervisory Board and Managing Board members' interests in QIAGEN N.V. shares

Share Ownership

The following table sets forth certain information as of January 31, 2014 concerning the ownership of Common Shares by our directors and officers. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned Number	Percent Ownership
Peer M. Schatz, Germany	1,922,260	0.82%
Prof. Dr. Detlev H. Riesner, Germany	1,456,585	0.62%
Dr. Werner Brandt, Germany	10,664	*
Dr. Metin Colpan, Germany	4,152,553	1.78%
Professor Dr. Manfred Karobath, Austria	10,607	*

* Indicates that the person beneficially owns less than 0.5% of the Common Shares issued and outstanding as of January 31, 2014.

24. Fair Value Measurements

Financial Instruments 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.

As of December 31, 2013, we held the following financial instruments carried at fair value on the statement of financial position:

(in thousands)	2013	Level 1	Level 2	Level 3
Available-for-sale financial assets, current	$ 49,923	$ 8,550	$ 41,373	$ —
Foreign exchange contracts, undesignated	2,533	—	2,533	—
Assets	**$ 52,456**	**$ 8,550**	**$ 43,906**	**$ —**
Foreign exchange contracts, undesignated	14,518	—	14,518	—
Contingent consideration	6,127	—	—	6,127
Liabilities	**$ 20,645**	**$ —**	**$ 14,518**	**$ 6,127**

As of December 31, 2012, we held the following financial instruments carried at fair value on the statement of financial position:

(in thousands)	2012	Level 1	Level 2	Level 3
Available-for-sale financial assets	$ 90,451	$ 7,989	$ 82,462	$ —
Foreign exchange contracts, undesignated	833	—	833	—
Assets	**$ 91,284**	**$ 7,989**	**$ 83,295**	**$ —**
Foreign exchange contracts, undesignated	12,911	—	12,911	—
Contingent consideration	18,983	—	—	18,983
Liabilities	**$ 31,894**	**$ —**	**$ 12,911**	**$ 18,983**

For liabilities with Level 3 inputs, the following table summarizes the activity as of December 31, 2013 and 2012:

Fair Value Measurements Using Significant Unobservable Inputs (Level3) Contingent Consideration (in thousands) (unaudited)	2013	2012
Beginning balance as at January 1st	**$ 18,983**	$ 38,646
Additions from acquisitions	**2,065**	16,875
Payments	**(3,834)**	(6,008)
Gain included in earnings	**(11,127)**	(11,463)
Reversals	**—**	(19,129)
Foreign currency translation	**40**	62
Acquisition related costs as at December 31st	**$ 6,127**	$ 18,983

For the years ended December 31, 2013 and 2012, the gains of $11.1 million and $11.5 million were recognized in earnings as follows: $10.6 million and $6.7 million in cost of sales and $0.5 million and $4.8 million in general and administrative, restructuring, integration and other, respectively. Additionally, during 2012, a reduction in the fair value of contingent consideration of $19.1 million was recorded against goodwill shortly after the acquisition and during the measurement period.

25. Financial Risk Factors and Use of Derivative Financial Instruments

25.1. Financial Risks

Market risk

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates and the market value of investments in financial assets and equity securities. These exposures are centrally managed and are regulated by internal guidelines which require regular internal risk analysis. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign exchange rates. Exposures are managed through operational methods and financial instruments relating to interest rate and foreign exchange risks. 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 other speculative purposes. All derivatives are recognized as either assets or liabilities in the balance sheet and are measured at fair value with any change in fair value recognized 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.

Foreign currency exchange rates

The Group presents its consolidated financial statements in U.S. dollar. As a consequence of the global nature of QIAGEN's business, the Group is exposed to foreign currency exchange rate movements, primarily in European and Asian countries. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage such foreign exchange risk the, entities of the group use foreign exchange swaps and forwards, foreign exchange options and cross-currency swaps, transacted exclusively by our Global Treasury department. Net investments in QIAGEN affiliates with a functional currency other than the U.S. dollar are of long-term nature and the Group does not hedge such foreign currency translation exposures.

A significant portion of our revenues and expenses are earned and incurred in currencies other than the U.S. dollar. The euro is the most significant such currency, with others including the British pound, Japanese yen, Swiss franc, and Canadian and Australian dollars. Fluctuations in the value of the currencies in which we conduct our business relative to the U.S. dollar have caused and will continue to cause U.S. dollar translations of such currencies to vary from one period to another. Due to the number of currencies involved, the constantly changing currency exposures, and the potential substantial volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In general terms, depreciation of the U.S. dollar against our other foreign currencies will increase reported net sales. However, this effect is, at least partially, offset by the fact, that we also incur substantial expenses in foreign currencies.

We have significant production and manufacturing facilities located in Germany, China, the United Kingdom, France and the United States, and intercompany sales of inventory also expose us to foreign currency exchange rate risk. Intercompany sales of inventory are generally denominated in the local currency of the subsidiary purchasing the inventory in order to centralize foreign currency risk with the manufacturing subsidiary. Payment for intercompany purchases of inventory is required within 30 days from invoice date. The delay between the date the manufacturing subsidiaries record revenue and the date when the payment is received from the purchasing subsidiaries exposes us to foreign exchange risk. To the extent practicable, such exposures are offset by operational measures, which include intercompany factoring transactions. We have entered into in the past, and may enter into in the future, foreign exchange derivatives, including forward contracts and options, to manage the remaining foreign exchange risk.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders' equity. Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which QIAGEN has financial instruments.

QIAGEN is exposed to currency risks from financial derivatives. If each of the respective currency pairs for which the Group has financial derivatives in place, which do not qualify for hedge accounting in accordance with IAS 39, varied from the rates used for the preparation of the consolidated financial statements, this would have had an effect on the net income of the Group. If, at December 31, 2013, the U.S. dollar had gained or lost 10 % against all identified major currencies, the estimated effect would have been approximately $47.3 million gain or $57.8 million loss, respectively (2012: $51.4 million gain or $62.8 million loss). Any effect would have been almost fully off-set by corresponding valuation adjustments in the positions, which economically had

been hedged by these financial derivatives. Accordingly, the net effect of such variance in currency rates would not have been material.

Interest rates

The Group is exposed to interest rate risk by floating rate financial debt and floating rate financial assets. This exposure is managed by varying the proportion of fixed and floating rate debt, while all non-derivative financial assets pay interest on floating rates. Net financial income earned on the Group's net financial assets is generally affected by changes in the level of interest rates, principally the Euro and the U.S. dollar interest rate.

At December 31, 2013, we had $331.0 million in cash and cash equivalents (2012: $394.7 million). Interest income earned on our cash investments is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment securities. A hypothetical adverse 10% movement in market interest rates would not materially impact earnings.

Borrowings against lines of credit are at variable interest rates. We had insignificant amounts outstanding against our lines of credit at December 31, 2013 and 2012. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2013, we had $845.5 million in current and non-current debt (2012: $842.6 million). A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

Liquidity risk

To date, we have funded our business primarily through internally generated funds, debt and the private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including acquisitions. As of December 31, 2013 and 2012, we had cash and cash equivalents of $331.0 million and $394.7 million, respectively, and investments in current marketable securities of $49.9 million and $90.5 million, respectively. Cash and cash equivalents are primarily held in Euros and U.S. dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. As of December 31, 2013 and 2012, we had working capital of $526.0 million and $683.7 million, respectively.

In December 2011, we entered into a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized December 31, 2013. We have additional credit lines totaling €36.6 million with no expiration date, none of which was utilized as of December 31, 2013. We also have finance lease obligations, including interest, in the amount of $18.3 million (2012: $22.8 million), and repayment obligations of $845.5 million for long-term debt (2012: $842.6 million).

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 has also been 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 could not obtain financing on a timely basis or at satisfactory terms, or implement timely reductions in our expenditures, our business could be adversely affected.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers. There were no significant concentrations of credit risk during the reporting period. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Counterparty risk

We define counterparty risk as the part of credit risk that results from financial transactions. It includes the credit risk that arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions and furthermore the issuer risk on debt securities, settlement risk on derivative and money market transactions. Counterparty risk is managed by dealing only with entities that have been approved internally by the CFO and the continuous monitoring of the counterparties

credit standing as evidenced by public credit ratings, share prices and credit default swap levels. We believe that all of our counterparties represent a good credit risk and we therefore do not expect any losses due to non-performance by these counterparties.

Fair values

The carrying amounts of financial assets and financial liabilities currently approximate their fair values. Investments in unquoted equity instruments are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is estimated that the carrying amounts of these investment approximate their fair values. Fair values of different classes of financial assets and financial liabilities are determined based on exchanges of assets and settlements of liabilities in past transactions.

Equity prices

The Group is exposed to equity price risks on the marketable portion of the available-for-sale equity securities. Equity securities typically relate to other biotechnology and research companies. Equity securities are not purchased as part of the normal day-to-day management of financial assets but must be authorized by the Supervisory Board.

At December 31, 2013, the Company had investments in current available-for-sale debt securities which had a fair market value and cost of approximately $49.9 million (2012: $90.5 million).

Commodities

The Group has exposures to price risk related to anticipated purchases of certain commodities used as raw materials in its business. A change in commodity prices may alter the gross margin, but due to the limited exposure to any single raw material, a price change is unlikely to have a material unforeseen impact on the Group's earnings.

25.2. Use of Derivative Financial Instruments

Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and variable rate debt. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. We do not utilize derivative or other financial instruments for trading or 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.

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. As of December 31, 2013 and 2012, we did not have any derivatives that were accounted for as hedging instruments. In 2013 and 2012, we did not record any hedge ineffectiveness related to any cash-flow hedges in earnings and did not discontinue any cash-flow hedges. 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.

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 primarily 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 qualified as cash-flow hedges until maturity in November 2012.

Undesignated Derivative Instruments

We are party to various foreign exchange forward and swap arrangements which had, at December 31, 2013, an aggregate notional value of approximately $842.1 million and fair values of $2.5 million and $(14.5) million, which are included in other current assets and other current liabilities, respectively, and which expire at various dates through April 2014. The transactions have been 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 have been recognized in financial income (expense).

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 current assets and other current liabilities, respectively, and which expired at various dates through April 2013. The transactions have been used to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in financial income (expense).

26. Additional Information for Financial Instruments

The tables below present the carrying amounts, measurements in accordance with IAS 39 and fair values as of December 31, 2013 and 2012:

December 31, 2013 (US$ thousands)	Category	Total Carrying Amount	Amortized Cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	330,962	330,962	—	—
Available-for-sale assets	AfS	65,299	—	15,376	49,923
Trade accounts receivable	LaR	259,710	259,710	—	—
Derivatives, undesignated	FVTPL	2,533	—	—	2,533
Liabilities					
Financial debts	FLAC	(845,483)	(845,483)	—	—
Finance lease obligations	N/A	(16,296)	(16,296)	—	—
Trade accounts payable	FLAC	(50,869)	(50,869)	—	—
Derivatives, undesignated	FVTPL	(14,518)	—	—	(14,518)
Contingent consideration	FVTPL	(6,127)		—	(6,127)
Aggregated by category					
Loans and Receivables (LaR)		590,672	590,672	—	—
Available-for-Sales Financial Assets (AfS)		65,299	—	15,376	49,923
Financial Liabilities measured at Amortized Cost (FLAC)		(896,352)	(896,352)	—	—
Instruments at fair value through profit or loss (FVTPL)		(18,112)	—	—	(18,112)

December 31, 2012 (US$ thousands)	Category	Total Carrying Amount	Amortized Cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	394,702	394,702	—	—
Available-for-sale assets	AfS	105,962	—	15,511	90,451
Trade accounts receivable	LaR	250,729	250,729	—	—
Derivatives, undesignated	FVTPL	833	—	—	833
Liabilities					
Financial debts	FLAC	(842,633)	(842,633)	—	—
Finance lease obligations	N/A	(19,888)	(19,888)	—	—
Trade accounts payable	FLAC	(51,311)	(51,311)	—	—
Derivatives, undesignated	FVTPL	(12,911)	—	—	(12,911)
Contingent consideration	FVTPL	(18,983)	—	—	(18,983)
Aggregated by category					
Loans and receivables (LaR)		645,431	645,431	—	—
Available-for-sales financial assets (AfS)		105,962	—	15,511	90,451
Financial liabilities measured at amortized cost (FLAC)		(893,944)	(893,944)	—	—
Instruments at fair value through profit or loss (FVTPL)		(31,061)	—	—	(31,061)

Cash and cash equivalents, notes receivable, trade accounts receivable and other assets have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

Investments in unquoted equity instruments shown as available-for-sale assets are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is estimated that the carrying amounts of these investment approximate their fair values.

The fair values of other non-current assets correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms and conditions and expectations.

Trade accounts payable generally have short times to maturity; the value reported approximates the fair value.

The fair values of the quoted financial debts equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of other financial liabilities are calculated as the present values of the payments associated with the liabilities.

As of December 31, 2013 and 2012, fair values of financial debts amount to $1,023.4 million and $970.1 million, respectively. The carrying amounts of all other financial assets and financial liabilities approximate their fair values.

As of December 31, 2013 and 2012, there are no significant concentrations of risks arising from financial instruments.

The table below presents the carrying amounts of financial instruments and their fair values as of December 31, 2013 and 2012:

	December 31, 2013		December 31, 2012	
(in US$ thousands)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Cash and cash equivalents	**330,962**	**330,962**	394,702	394,702
Available-for-sale assets	**65,299**	**65,299**	105,962	105,962
Trade accounts receivable	**259,710**	**259,710**	250,729	250,729
Derivatives measured at fair value through profit or loss	**2,533**	**2,533**	833	833
Financial liabilities				
Financial debts	**(845,483)**	**1,023,437**	(842,633)	(970,084)
Finance lease obligations	**(16,296)**	**(16,296)**	(19,888)	(19,888)
Trade accounts payable	**(50,869)**	**(50,869)**	(51,311)	(51,311)
Contingent consideration	**(6,127)**	**(6,127)**	(18,983)	(18,983)
Instruments measured at fair value through profit or loss	**(18,112)**	**(18,112)**	(31,061)	(31,061)

Net Results by Category

December 31, 2013		**Subsequent Measurement**			
(in thousands)	**From interest**	**At fair value**	**Allowances / Impairments**	**De-recognition**	**Net result**
Loans and receivables (LaR)	$ 4,789	$ —	$ —	$ —	$ 4,789
Available-for-sales financial assets (AfS)	—	—	(3,343)	—	(3,343)
Financial liabilities measured at amortized cost (FLAC)	(30,309)	—	—	—	(30,309)
Net result	**$ (25,520)**	**$ —**	**$ (3,343)**	**$ —**	**$ (28,863)**

Interest from financial instruments is recognized in financial expense.

The Company recognizes the other components of net gain/loss in other financial income/expense, except for impairments of trade receivables that are classified as “loans and receivables” which are reported under general and administrative, restructuring, integration and other expense.

The information for the comparative period is provided below:

December 31, 2012		Subsequent Measurement			
(in thousands)	From interest	At fair value	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	$ 3,786	$ —	$ —	$ —	$ 3,786
Available-for-sales financial assets (AfS)	—	—	(3,359)	—	(3,359)
Financial liabilities measured at amortized cost (FLAC)	(32,491)	—	—	—	(32,491)
Net result	**$ (28,705)**	**$ —**	**$ (3,359)**	**$ —**	**$ (32,064)**

27. Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to ensure financial flexibility to execute the Group's strategic growth targets. We regularly review our capital structure to ensure a low cost of capital to enhance shareholder value. The Group's overall strategy remains unchanged from 2012 and we are not subject to any externally imposed capital requirements. All common shares issued are fully paid.

In October 2012, we completed a private placement through the issuance of new senior unsecured notes at a total amount of $400 million as discussed in Note 15. Approximately €170 million (approximately $220 million) of proceeds from the notes were used to repay amounts outstanding under a short-term revolving credit facility. The remainder of the proceeds provides additional resources to support QIAGEN's longer-term business expansion.

On March 19, 2014, we completed the repurchase of $293.9 million notional amount of the 2006 Notes discussed in Note 15. In order to finance the repurchase and also raise $300 million of net proceeds, we issued $730 million of new senior unsecured cash settled convertible notes, $430 million of which are due in 2019 and bear interest at an annual rate of 0.375% and $300 million of which are due in 2021 and bear interest at an annual rate of 0.875%. The net proceeds from these transactions, which are designed to secure long-term financing at low interest rates and neutralize potential dilution from the 2006 Notes, are planned to be used for general corporate purposes.

Additionally during 2012 and 2013, we commenced two $100 million share repurchase programs as discussed in Note 18. Repurchased shares will be held in treasury in order to satisfy various obligations, which include exchangeable debt instruments and employee share-based remuneration plans.

An important indicator of capital management efforts is the ratio of shareholders' equity compared to total assets as shown in the consolidated statement of financial position:

(in thousands, except of ratio)	2013	2012
Shareholders' equity attributable to equity holders of the parent	**$ 2,777,385**	$ 2,784,431
Total Assets	**$ 4,091,506**	$ 4,121,530
Shareholders' equity ratio in %	**68%**	68%

28. Subsequent Events

Since December 31, 2013 and through April 11, 2014, we have repurchased 2.3 million shares of common shares under the share repurchase program discussed more fully in Note 18, for approximately $51.0 million, in total.

On March 19, 2014, we completed the repurchase of $293.9 million notional amount of the 2006 Notes discussed in Note 15. In order to finance the repurchase and also raise $300 million of net proceeds, we issued $730 million of new senior unsecured cash settled convertible notes, $430 million of which are due in 2019 and bear interest at an annual rate of 0.375% and $300 million of which are due in 2021 and bear interest at an annual rate of 0.875%. The initial conversion price of both the 2019 and 2021 Notes is $28.34 per share of common stock. In the event of an exercise of the conversion right, Noteholders will receive a cash amount equal to the value of the common shares underlying the Notes. We also entered into derivative transactions to increase the effective conversion price of the newly issued notes.

29. Consolidated Companies

The following is a list of the Company's subsidiaries as of December 31, 2013, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company Name	Jurisdiction of Incorporation	Ownership
AmniSure International LLC	USA	100%
Cellestis Limited	Australia	100%
Cellestis Inc.	USA	100%
Corbett Research Ltd Pty	Australia	100%
Corbett Robotics Pty	Australia	100%
Intelligent BioSystem, Inc.	USA	100%
QIAGEN Aarhus AS	Denmark	100%
QIAGEN Australia Holding	Australia	100%
QIAGEN AB	Sweden	100%
QIAGEN Inc. (Canada)	Canada	100%
QIAGEN Deutschland Holding GmbH	Germany	100%
QIAGEN Gaithersburg, Inc.	Delaware	100%
QIAGEN GmbH	Germany	100%
QIAGEN Hamburg GmbH	Germany	100%
QIAGEN, U.S. Finance Holdings	Luxemburg	100%
QIAGEN, Finance (MALTA) Ltd	Malta	100%
QIAGEN, Inc. (USA)	USA	100%
QIAGEN Instruments AG	Switzerland	100%
QIAGEN K.K.	Japan	100%
QIAGEN Lake Constance GmbH	Germany	100%
QIAGEN Ltd.	UK	100%
QIAGEN Manchester Ltd.	UK	100%
QIAGEN Marseille	France	89.96%
QIAGEN Mexico	Mexico	100%
QIAGEN North American Holdings Inc.	USA	100%
QIAGEN Pty. Ltd.	Australia	100%
QIAGEN Redwood City, Inc.	USA	100%
QIAGEN SA	France	100%
QIAGEN Sciences, LLC	USA	100%
QIAGEN Shenzhen Co. Ltd.	China	100%
QIAGEN SpA	Italy	100%
Quanta Biosciences, Inc.	USA	100%
SABiosciences	USA	100%

30. Fees Paid to External Auditors

The service fees recognized in the consolidated financial statements 2013 and 2012 for the Ernst & Young network are as follows:

(in thousands)	2013	2012
Audit fees	**$ 1,161**	$ 1,211
Audit related fees	**585**	739
Tax fees	**275**	560
All other fees	**1,883**	1,398
Total	**$ 3,904**	$ 3,908

Signatures

Venlo, the Netherlands,

April 25, 2014

Peer M. Schatz	Roland Sackers
Chief Executive Officer	Chief Financial Officer

QIAGEN N.V.

COMPANY FINANCIAL STATEMENTS

QIAGEN N.V.

COMPANY FINANCIAL STATEMENTS

(in thousands)

	Note	December 31, 2013	December 31, 2012
STATEMENTS OF FINANCIAL POSITION			
Assets			
Other intangible assets	(2)	$ 771	$ 1,047
Goodwill	(3)	109,293	57,424
Property, plant and equipment	(4)	139	179
Non-current available-for-sale financial instruments	(5)	10,515	11,458
Financial assets	(6)	2,151,775	2,262,057
Total non-current assets		**2,272,493**	2,332,165
Prepaid expenses and other current assets		7,214	7,443
Receivables from Group Companies		804,532	625,372
Current available-for-sale financial instruments	(5)	41,373	82,463
Cash and cash equivalents		115,129	166,026
Total current assets		**968,248**	881,304
Total assets		**3,240,741**	3,213,469
Shareholders' equity and liabilities			
Common shares	(8)	3,183	3,041
Share premium		1,960,465	1,884,547
Retained earnings	(10)	848,354	706,403
Net income for the period		46,016	126,191
Legal reserves		34,854	51,061
Cumulative foreign currency translation adjustments		1,126	48,843
Treasury shares		(116,613)	(35,653)
Total shareholders' equity		**2,777,385**	2,784,433
Long-term debt	(7)	400,000	400,000
Payables to Group Companies		41,489	9,588
Accrued liabilities		21,386	18,614
Trade accounts payable		481	834
Total liabilities		**463,356**	429,036
Total shareholders' equity and liabilities		**$ 3,240,741**	$ 3,213,469
INCOME STATEMENTS			
Net income from investments (after tax)		**$ 123,423**	$ 151,093
Other income (after tax)		(77,407)	(24,902)
Net income for the period		**$ 46,016**	$ 126,191

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

QIAGEN N.V.

COMPANY FINANCIAL STATEMENTS

(in thousands)

Statements of Changes in Equity

for the year ended December 31, 2012	Common shares		Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Treasury shares		Total shareholders' equity
	Shares	Amount						Shares	Amount	
At January 1, 2012	**234,221**	**$ 3,260**	**$ 1,842,648**	**$679,307**	**$ 43,141**	**$34,254**	**$ 20,709**	**—**	**$ —**	**$ 2,623,319**
Appropriation of prior year net income	—	—	—	43,141	(43,141)	—	—	—	—	—
Net income for the period	—	—	—	—	126,191	—	—	—	—	126,191
Income and expense directly recognized in equity	—	—	—	—	—	762	27,885	—	—	28,647
Allocation to legal reserves	—	—	—	(16,045)	—	16,045	—	—	—	—
Effect from foreign currency translation	—	(249)	—	—	—	—	249	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	—	(1,943)	(35,653)	(35,653)
Stock awards and options	2,266	30	41,899	—	—	—	—	—	—	41,929
At December 31, 2012	**236,487**	**$ 3,041**	**$ 1,884,547**	**$706,403**	**$126,191**	**$51,061**	**$ 48,843**	**(1,943)**	**$ (35,653)**	**$ 2,784,433**

for the year ended December 31, 2013	Note	Common shares		Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Treasury shares		Total shareholders' equity
		Shares	Amount						Shares	Amount	
At January 1, 2013		**236,487**	**$ 3,041**	**$ 1,884,547**	**$706,403**	**$126,191**	**$51,061**	**$ 48,843**	**(1,943)**	**$ (35,653)**	**$ 2,784,433**
Appropriation of prior year net income		—	—	—	126,191	(126,191)	—	—	—	—	—
Net income for the period		—	—	—	—	46,016	—	—	—	—	46,016
Allocation to legal reserves	**(10)**	—	—	—	16,207	—	(16,207)	—	—	—	—
Effect from foreign currency translation		—	99	—	(371)	—	—	(47,717)	—	—	(47,989)
Purchase of treasury shares		—	—	—	—	—	—	—	(4,149)	(86,029)	(86,029)
Stock awards and options		2,266	43	75,918	(76)	—	—	—	275	5,069	80,954
At December 31, 2013		**238,753**	**$ 3,183**	**$ 1,960,465**	**$848,354**	**$ 46,016**	**$34,854**	**$ 1,126**	**(5,817)**	**$(116,613)**	**$ 2,777,385**

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

QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. Accounting Policies

The financial statements of QIAGEN N.V. (the 'Company') included in this section are prepared in accordance with IFRS accounting principles as used in the QIAGEN N.V. Consolidated Financial Statements, considering the provisions of part 9 of Book 2 of the Dutch Civil Code.

Subsidiaries are accounted for using the net equity value in these Company Financial Statements. Certain reclassifications were made to the 2012 Balance Sheet to align with the current year presentation in the line items for Other Intangible Assets, Goodwill, Property, Plant and Equipment, Financial Fixed Assets and Receivables from Group Companies.

As the financial data of QIAGEN N.V. is included in the Consolidated Financial Statements, the income statement of QIAGEN N.V. is condensed and includes only the net income from investments after tax and other income after tax in conformity with section 402 of Book 2 of the Dutch Civil Code.

2. Other Intangible Assets

Intangible assets represent developed technology, patent rights and licenses. There were no additions to intangible assets during the reporting periods 2013 and 2012. The historic cost of patent rights and licenses as of December 31, 2013 and 2012 was $8.1 million. The accumulated amortization as of December 31, 2013 and 2012 amounted to $7.3 million and $7.0 million, respectively. Amortization charge considered during the reporting 2013 was $0.3 million (2012: $0.3 million).

3. Goodwill

Goodwill development during the reporting period 2013 and 2012 was as follows:

(in thousands)	2013	2012
Goodwill as at January, 1st	**$ 57,424**	**$ 72,327**
Goodwill acquired during the year	48,485	—
Goodwill transferred to indirectly owned Group companies		—
Purchase price adjustments	—	(18,805)
Currency adjustments	3,384	3,902
Goodwill as at December, 31st	**$ 109,293**	**$ 57,424**

Goodwill acquired during 2013 is in connection with the acquisition of CLC bio.

Purchase price adjustments to goodwill during 2012 of $18.8 million include $13.3 million related to the 2011 acquisition of Ipsogen S.A. and $5.5 million related to the 2009 acquisition of DxS Ltd.

4. Property, Plant and Equipment

The changes in property, plant and equipment are as follows for the years ended December 31, 2013 and 2012:

(in thousands)	2013	2012
Beginning Balance	**$ 179**	$ 123
Additions	**11**	101
Depreciation	**(51)**	(45)
Net book value	**$ 139**	$ 179

The historic cost as of December 31, 2013 and 2012 for property, plant and equipment was $0.4 million and $0.3 million, respectively. Accumulated depreciation as of December 31, 2013 and 2012 was $0.2 million and $0.2 million, respectively.

5. Available-for-sale Financial Instruments

At December 31, 2013, the Company had short-term investments in unquoted debt securities which had a fair market value and cost of approximately $41.4 million (2012: $82.5 million) in current available-for-sale financial instruments. At December 31, 2013, the Company holds investments of $10.5 million for non-controlling interests in privately-held companies which are classified as non-current available-for-sale equity securities (2012: $11.5 million). The investments are accounted for under the cost-method.

(in thousands)	2013	2012
Unquoted equity securities	**$ 10,515**	$ 11,458
Unquoted debt securities	**41,373**	82,462
Available-for-sale financial Instruments	**$ 51,888**	$ 93,920
thereof current Afs financial instruments	**$ 41,373**	$ 82,462
thereof non-current Afs financial instruments	**$ 10,515**	$ 11,458

6. Financial Assets

The financial assets are presented in the statements of financial position based on either their net asset value in accordance with the aforementioned accounting principles of the Consolidated Financial Statements, or at amortized cost.

(in thousands)	Total	Investments in subsidiaries	Participation interest	Loans receivable
January 1, 2012	**$ 2,143,141**	**$ 1,926,095**	**$ 4,144**	**$ 212,902**
Increases	131,144	—	—	131,144
Decreases	(466,378)	(466,378)	—	—
Dividends received	(69,784)	(69,784)	—	—
Share of net profit	495,846	496,069	(223)	—
Translation adjustments	28,088	28,088	—	—
December 31, 2012	**$ 2,262,057**	**$ 1,914,090**	**$ 3,921**	**$ 344,046**

(in thousands)	Total	Investments in subsidiaries	Participation interest	Loans receivable
January 1, 2013	**$ 2,262,057**	**$ 1,914,090**	**$ 3,921**	**$ 344,046**
Increases	121,970	114,935	1,045	5,990
Decreases	(56,522)	—	—	(56,522)
Dividends received	(98,026)	(98,026)	—	—
Share of net profit	(77,791)	(77,407)	(384)	—
Translation adjustments	87	87	—	—
December 31, 2013	**$ 2,151,775**	**$ 1,853,679**	**$ 4,582**	**$ 293,514**

7. Long-Term Debt

Information on the long-term debt of $400.0 million is provided under Note 15 to the Consolidated Financial Statements of the Group.

8. Common Shares

The authorized classes of our shares consist of Common Shares, Preference Shares and Financing Preference Shares. No Financing Preference Shares or Preference Shares have been issued. The Company had the following authorized shares issued and outstanding as per end of December 31, 2013:

Authorized, (in thousands)	**2013**	**2012**
Common shares	410,000	410,000
Preference shares	450,000	450,000
Financing preference shares	40,000	40,000
At December 31st	**900,000**	**900,000**

Issued and outstanding, (in thousands)	**2013**	**2012**
Common shares issued	239,707	236,487
Treasury shares	(5,817)	**(1,943)**
Outstanding at December 31st	**233,890**	**234,544**

Par value in EUR per share	**2013**	**2012**
Common shares	0.01	0.01
Preference shares	0.01	0.01
Financing preference shares	0.01	0.01

Par value in EUR (in thousands)	**2013**	**2012**
Common shares issued	2,397.07	2,364.87
At December 31st	**2,397.07**	**2,364.87**

9. Subsidiaries

The following is a list of the Company's subsidiaries as of December 31, 2013, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company	Country	Ownership	Voting Rights
AmniSure International LLC	USA	100%	100%
Cellestis Limited	Australia	100%	100%
Cellestis Inc.	USA	100%	100%
Corbett Research Pty. Ltd.	Australia	100%	100%
Corbett Robotics Pty. Ltd.	Australia	100%	100%
Intelligent BioSystem, Inc.	USA	100%	100%
QIAGEN Aauhus AS	Denmark	100%	100%
QIAGEN Australia Holding	Australia	100%	100%
QIAGEN AB	Sweden	100%	100%
QIAGEN Inc. (Canada)	Canada	100%	100%
QIAGEN Deutschland Holding GmbH	Germany	100%	100%
QIAGEN Gaithersburg, Inc.	USA	100%	100%
QIAGEN GmbH	Germany	100%	100%
QIAGEN Hamburg GmbH	Germany	100%	100%
QIAGEN, U.S. Finance Holdings	Luxemburg	100%	100%
QIAGEN, Finance (MALTA) Ltd	Malta	100%	100%
QIAGEN, Inc. (USA)	USA	100%	100%
QIAGEN Instruments AG	Switzerland	100%	100%
QIAGEN K.K.	Japan	100%	100%
QIAGEN Lake Constance GmbH	Germany	100%	100%
QIAGEN Ltd.	UK	100%	100%
QIAGEN Manchester Ltd.	UK	100%	100%
QIAGEN Marseille	France	89.4%	89.4%
QIAGEN Mexico	Mexico	100%	100%
QIAGEN North American Holding Inc.	USA	100%	100%
QIAGEN Pty. Ltd.	Australia	100%	100%
QIAGEN Redwood City, Inc.	USA	100%	100%
QIAGEN SA	France	100%	100%
QIAGEN Sciences LLC	USA	100%	100%
QIAGEN Shenzhen Co. Ltd.	China	100%	100%
QIAGEN SpA	Italy	100%	100%
Quanta Biosciences, Inc.	USA	100%	100%
SA Biosciences	USA	100%	100%

10. Legal Reserve

Legal reserves as of December 31, 2013 and December 31, 2012 were $34.9 million and $51.1 million, respectively. The legal reserves were set up in connection with capitalized development expenses of $16.2 million in 2013 and $16.0 million in 2012 and effects recognized directly in equity relating to hedge accounting of $0.8 million for 2012.

11. Employee Information

The average number of employees during the year 2013 was 19 (2012: 19).

12. Remuneration of Directors and Officers

Information on remuneration of the members of the Managing and Supervisory Board is provided under Note 23 to the Consolidated Financial Statements of the Group.

13. Audit Fees

At our 2013 Annual General Meeting of Shareholders held on June 26, 2013, our shareholders appointed Ernst & Young Accountants LLP to serve as our auditors for the fiscal year ended December 31, 2013. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young Network:

(in thousands)	2013 E&Y Network	2013 E&Y LLP Netherlands	2012 E&Y Network	2012 E&Y LLP Netherlands
Fees for the audit and review	**$ 1,082**	**$ 79**	$ 1,133	$ 78
Other assurance services	**585**	**—**	739	—
Fees for tax services	**275**	**—**	560	—
All other fees	**1,883**	**—**	1,398	—
Service fees to external auditors	**$ 3,825**	**$ 79**	$ 3,830	$ 78

Fees for audit and review of financial statements consist of fees and expenses billed for the annual audit and quarterly review of QIAGEN's consolidated financial statements. They also include fees billed for other audit services, which are those services that only the statutory auditor can provide, and include the review of documents filed with the Securities Exchange Commission.

14. Guarantees

In connection with the issuance of convertible notes in the amount of $150 million by QIAGEN Finance (Luxembourg) S.A. in 2004 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

In connection with the issuance of convertible notes in the amount of $300 million by QIAGEN Euro Finance (Luxembourg) S.A. in 2006 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

The Company has granted a guarantee to the lenders in the €400 million syndicated revolving credit facility as security for any drawings under such facility of its subsidiaries. No amounts had been borrowed by any subsidiary of the Company under such facility as of December 31, 2013.

Signatures

Venlo, the Netherlands,

April 25, 2014

Peer M. Schatz	Roland Sackers
Chief Executive Officer	Chief Financial Officer

OTHER INFORMATION

Appropriation of Net Income

According to Article 40 till 42 of the articles of association, the allocation of net income will be as follows. Subject to certain exceptions, dividends may only be paid out of profits as shown in our annual report as adopted by the General Meeting of Shareholders. Distributions may not be made if the distribution would reduce the shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch Law or the Articles.

Out of profits, dividends must first be paid on any outstanding Preference Shares (the "Preference Share Dividend") in a percentage (the "Preference Share Dividend Percentage") of the obligatory amount (call) paid up on such shares at the beginning of the fiscal year in respect of which the distribution is made. The Preference Share Dividend Percentage is equal to the Average Main Refinancing Rates during the financial year for which the distribution is made. Average Main Refinancing Rate shall be made understood to mean the average value on each individual day during the financial year for which the distribution is made of the Main Refinancing Rates prevailing on such day. Main Refinancing Rate shall be understood to mean the rate of the Main Refinancing Operation as determined and published from time to time by the European Central Bank. If and to the extent that profits are not sufficient to pay the Preference Share Dividend in full, the deficit shall be paid out of the reserves, with the exception of any reserve, which was formed as share premium reserve upon the issue of Financing Preference Shares. If in any fiscal year the profit is not sufficient to make the distributions referred to above and if no distribution or only a partial distribution is made from the reserves referred to above, such that the deficit is not fully made good no further distributions will be made as described below until the deficit has been made good.

Out of profits remaining after payment of any dividends on Preference Shares such amounts shall be kept in reserve as determined by the Supervisory Board. Out of any remaining profits not allocated to reserve, a dividend shall be paid on the Financing Preference Shares in a percentage over the par value, increased by the amount of share premium that was paid upon the first issue of Financing Preference Shares, which percentage is related to the average effective yield on the prime interest rate on corporate loans in the United States as quoted in the Wall Street Journal. If and to the extent that the profits are not sufficient to pay the Financing Preference Share Dividend in full, the deficit may be paid out of the reserves if the Managing Board so decides with the approval of the Supervisory Board, with the exception of the reserve which was formed as share premium upon the issue of Financing Preference Shares.

Insofar as the profits have not been distributed or allocated to the reserves as specified above, they are at the free disposal of the General Meeting of Shareholders, provided that no further dividends will be distributed on the Preference Shares or the Financing Preference Shares.

The General Meeting may resolve, on the proposal of the Supervisory Board, to distribute dividends or reserves, wholly or partially, in the form of QIAGEN shares.

Subsequent Events

Based on the Company's review, no events or transactions have occurred subsequent to December 31, 2013 other than those described in Note 28 to the Consolidated Financial Statements, that would have a material impact on the financial statements as presented.

Venlo, April 25, 2014

QIAGEN N.V.

Peer M. Schatz Roland Sackers

Independent auditor's report

To the Shareholders, Supervisory Board and Management Board of QIAGEN N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of QIAGEN N.V., Venlo, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statement comprise the consolidated balance sheet as at December 31, 2013, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated changes in equity and consolidated statement of cash flows for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at December 31, 2013, the company income statement and company statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of QIAGEN N.V. as at December 31, 2013, its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of QIAGEN N.V. as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management report , to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Venlo, April 25, 2014

Ernst & Young Accountants LLP

Signed by N. van Es