QIAGEN N.V.
Venlo, The Netherlands

Interim Financial Report

June 30, 2017

(unaudited)

QIAGEN N.V.

CONDENSED FINANCIAL REPORT PERIOD ENDED JUNE 30, 2017

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QIAGEN N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	Note	June 30, 2017	December 31, 2016
		(unaudited)	
Assets			
Current assets:			
Cash and cash equivalents		$ 542,841	$ 439,180
Current available-for-sale financial assets	**(5)**	66,006	92,999
Trade accounts receivable		278,392	278,244
Income taxes receivable		31,489	23,795
Inventories	**(11)**	155,667	136,552
Other current assets		61,466	45,210
Total current assets		**1,135,861**	**1,015,980**
Non-current assets:			
Property, plant and equipment		315,193	308,708
Goodwill	**(6)**	2,021,422	1,951,660
Other intangible assets	**(6)**	734,221	718,295
Investments in associates	**(5)**	13,494	10,826
Non-current available-for-sale financial assets	**(5)**	35,308	42,237
Deferred tax assets		101,234	95,203
Fair value of derivative financial instruments	**(7)**	227,171	190,173
Other non-current assets	**(7)**	46,622	39,673
Total non-current assets		**3,494,665**	**3,356,775**
Total assets		**$ 4,630,526**	**$ 4,372,755**

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

QIAGEN N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	Note	June 30, 2017 (unaudited)	December 31, 2016
Liabilities and equity			
Current liabilities:			
Trade and other accounts payable		**$ 48,500**	$ 51,218
Provisions		**5,216**	4,664
Income tax payable		**17,879**	26,906
Other current liabilities	**(4, 5)**	**232,275**	225,641
Total current liabilities		**303,870**	**308,429**
Non-current liabilities:			
Non-current financial debts	**(9)**	**1,380,665**	1,064,041
Deferred tax liabilities		**52,827**	51,161
Fair value of derivative financial instruments	**(7)**	**237,604**	341,893
Other non-current liabilities	**(5, 7)**	**259,851**	97,406
Total non-current liabilities		**1,930,947**	**1,554,501**
Equity:			
Preference shares, 0.01 EUR par value, authorized—450,000 shares, no shares issued and outstanding		**—**	—
Financing preference shares, 0.01 EUR par value, authorized—40,000 shares, no shares issued and outstanding		**—**	—
Common Shares, 0.01 EUR par value, authorized—410,000 shares, issued— 230,829 and 239,707 shares in 2017 and in 2016, respectively	**(12)**	**2,702**	2,812
Share premium	**(12)**	**1,674,916**	1,897,399
Retained earnings		**1,022,618**	1,059,927
Reserves		**(240,822)**	(330,307)
Less treasury shares at cost— 2,595 and 5,147 shares in 2017 and in 2016, respectively	**(12)**	**(63,705)**	(120,006)
Equity attributable to the owners of QIAGEN N.V.		**2,395,709**	**2,509,825**
Total equity		**2,395,709**	**2,509,825**
Total liabilities and equity		**$ 4,630,526**	**$ 4,372,755**

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

QIAGEN N.V.

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

	Note	Six months ended June 30, 2017		Six months ended June 30, 2016	
		(unaudited)			
Net sales		$	**656,696**	$	**632,791**
Cost of sales			**(241,550)**		(241,710)
Gross profit			**415,146**		**391,081**
Operating expenses:					
Other operating income			**4,001**		184
Research and development expense			**(68,851)**		(79,393)
Sales and marketing expense			**(211,451)**		(211,640)
General and administrative, integration and other expense			**(82,105)**		(55,938)
Other operating expense			**(3,941)**		(598)
Total operating expenses			**(362,347)**		**(347,385)**
Income from operations			**52,799**		**43,696**
Financial income			**3,628**		3,018
Financial expense			**(20,743)**		(18,744)
Foreign currency gains, net			**(2,811)**		857
Gain from investments in associates			**1,953**		995
Other financial income, net	**(5, 7)**		**(17,803)**		89,548
Income before income taxes			**17,023**		**119,370**
Income taxes			**(1,030)**		2,047
Net income		**$**	**15,993**	**$**	**121,417**
- attributable to non-controlling interest		**$**	**—**	$	(47)
- attributable to the owners of QIAGEN N.V.		**$**	**15,993**	$	121,464
Basic earnings per common share attributable to the owners of QIAGEN N.V.		**$**	**0.07**	$	0.52
Diluted earnings per common share attributable to the owners of QIAGEN N.V.		**$**	**0.07**	$	0.51
Weighted average shares outstanding (in thousands)					
Basic			**228,968**		234,423
Diluted			**233,781**		238,148

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

QIAGEN N.V.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Note	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
		(unaudited)	
Net income		**$ 15,993**	**$ 121,417**
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Losses on cash flow hedges, before tax	**(7)**	**(13,841)**	(4,825)
Reclassification adjustments on cash flow hedges, before tax	**(7)**	**15,678**	3,870
Net investment hedge	**(7)**	**(6,228)**	—
Net change in fair value of available-for-sale financial assets, before tax		**(38)**	(1,189)
Foreign currency translation adjustments, before tax		**94,498**	12,788
Other comprehensive income (loss), before tax		**90,069**	**10,644**
Income tax relating to components of other comprehensive income (loss)		**(584)**	73
Total other comprehensive income (loss), after tax		**89,485**	10,717
Comprehensive income		**$ 105,478**	**$ 132,134**
Comprehensive income attributable to non-controlling interest		**—**	503
Comprehensive income attributable to the owners of QIAGEN N.V.		**105,478**	131,631

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

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

	Note	Six months ended June 30, 2017	2016
		(unaudited)	
Net income		$ **15,993**	$ 121,417
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and impairment of intangible and other assets		**116,604**	107,977
Non-cash impairments	**(5)**	**3,122**	—
Amortization of debt discount and issuance costs	**(9)**	**10,432**	10,152
(Gain) loss on marketable securities		**1,055**	(1,360)
Changes in fair value of contingent consideration		**—**	(5,501)
Deferred income taxes		**(5,544)**	(1,655)
Share based compensation	**(15)**	**19,058**	12,177
Other non-cash items, including fair value changes in derivatives		**14,090**	(88,795)
Net changes in other operating assets and liabilities:			
Accounts receivable		**13,480**	25,720
Inventories		**(18,750)**	(5,805)
Other current assets		**(7,259)**	456
Other non-current assets		**(1,676)**	4,617
Accounts payable		**(4,404)**	(9,053)
Provisions and other current liabilities		**4,586**	(9,854)
Other non-current liabilities		**(438)**	(3,853)
Income taxes		**2,818**	5,561
Income taxes paid, net of refunds		**(20,049)**	(7,808)
Interest paid		**(9,173)**	(6,769)
Interest received		**3,338**	2,431
Net cash provided by operating activities		**137,283**	**150,055**
Purchases of property, plant and equipment		**(9,050)**	(15,253)
Proceeds from sale of equipment		**42**	20
Purchases of intangible assets	**(6)**	**(46,973)**	(31,754)
Development expenses	**(6)**	**(7,767)**	(2,213)
Proceeds from available-for-sale assets	**(5)**	**65,234**	409,103
Purchases of available-for-sale assets	**(5)**	**(36,209)**	(355,051)
Purchase of investments		**(584)**	(21,287)
Cash paid for acquisitions, net of cash acquired	**(3)**	**(49,678)**	(90,490)
Other investing activities		**(2,296)**	(2,424)
Net cash provided by (used in) investing activities		**(87,281)**	**(109,349)**
Proceeds from long-term debt, net of issuance costs	**(9)**	**300,155**	—
Capital repayment	**(12)**	**(243,945)**	—
Principal payments on finance leases		**(674)**	(556)
Proceeds from issuance of common shares		**2,999**	1,038
Other financing activities		**(10,187)**	(5,519)
Net cash used in financing activities		**48,348**	**(5,037)**
Effect of exchange rate changes on cash and cash equivalents		**5,311**	2,477
Net increase in cash and cash equivalents		**103,661**	38,146
Cash and cash equivalents, beginning of period		**439,180**	290,011
Cash and cash equivalents, end of period		$ **542,841**	$ 328,157

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

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

(unaudited)	Note	Common Shares – Shares	Common Shares – Amount	Share premium	Retained earnings	Hedge reserves	Available-for-sale reserve	Pension reserve	Foreign currency translation	Treasury Shares – Shares	Treasury Shares – Amount	Equity attributable to the owners of QIAGEN N.V.	Non-controlling interest	Total equity
BALANCE AT JANUARY 1, 2016		239,707	$ 2,812	$1,862,835	$1,036,687	$ 48	$ 1,215	$ (2,148)	$ (254,273)	(6,702)	$ (152,412)	$ 2,494,764	$ 2,034	$2,496,798
Net income (loss)		—	—	—	121,464	—	—	—	—	—	—	121,464	(47)	121,417
Other comprehensive income (loss)	(7)	—	—	—	—	(717)	(1,189)	—	12,073	—	—	10,167	550	10,717
Total comprehensive income		—	—	—	121,464	(717)	(1,189)	—	12,073	—	—	131,631	503	132,134
Redemption of convertible debt		—	—	—	—	—	—	—	—	—	—	—	—	—
Tax benefit of employee stock plans		—	—	(2,458)	—	—	—	—	—	—	—	(2,458)	—	(2,458)
Share-based payments		—	—	12,177	—	—	—	—	—	—	—	12,177	—	12,177
Employee stock plans		—	—	—	(19,505)	—	—	—	—	995	20,544	1,039	—	1,039
Acquistion of Exiqon A/S		—	—	—	—	—	—	—	—	—	—	—	5,519	5,519
Acquisition of QIAGEN Marseille S.A. shares from non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	(2,624)	(2,624)
BALANCE AT JUNE 30, 2016		239,707	$ 2,812	$1,872,554	$1,138,646	$ (669)	$ 26	$ (2,148)	$ (242,200)	(5,707)	$ (131,868)	$ 2,637,153	$ 5,432	$2,642,585
BALANCE AT JANUARY 1, 2017		**239,707**	**$ 2,812**	**$1,897,399**	**$1,059,927**	**$ (7,600)**	**$ (156)**	**$ (1,498)**	**$ (321,053)**	**(5,147)**	**$ (120,006)**	**$ 2,509,825**	**$ —**	**$2,509,825**
Net income		—	—	—	**15,993**	—	—	—	—	—	—	**15,993**	—	**15,993**
Other comprehensive income (loss)	**(7)**	—	—	—	—	**(4,850)**	**(168)**	—	**94,503**	—	—	**89,485**	—	**89,485**
Total comprehensive income		—	—	—	**15,993**	**(4,850)**	**(168)**	—	**94,503**	—	—	**105,478**	—	**105,478**
Capital repayment	**(12)**	**(8,878)**	**(110)**	**(244,319)**	—	—	—	—	—	**191**	—	**(244,429)**	—	**(244,429)**
Tax benefit of employee stock plans		—	—	**2,778**	—	—	—	—	—	—	—	**2,778**	—	**2,778**
Share-based payments	**(15)**	—	—	**19,058**	—	—	—	—	—	—	—	**19,058**	—	**19,058**
Employee stock plans		—	—	—	**(53,302)**	—	—	—	—	**2,361**	**56,301**	**2,999**	—	**2,999**
BALANCE AT JUNE 30, 2017		**230,829**	**$ 2,702**	**$1,674,916**	**$1,022,618**	**$(12,450)**	**$ (324)**	**$ (1,498)**	**$ (226,550)**	**(2,595)**	**$ (63,705)**	**$ 2,395,709**	**$ —**	**$2,395,709**

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

QIAGEN N.V.

Selected explanatory notes to the condensed consolidated financial statements for the six months ended June 30, 2017 (unaudited)

1. Corporate Information

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with a registered office at Hulsterweg 82, 5912 PL Venlo, The Netherlands. QIAGEN N.V., a Netherlands holding company, and subsidiaries (we, our or the Company) is the leading global provider of Sample to Insight solutions to transform biological materials into valuable molecular insights. Our sample technologies isolate and process DNA, RNA and proteins from blood, tissue and other materials. Assay technologies make these biomolecules visible and ready for analysis. Bioinformatics software and knowledge bases interpret data to report relevant, actionable insights. Automation solutions tie these together in seamless and cost-effective molecular testing workflows. We provide these workflows to four major customer classes: Molecular Diagnostics (human healthcare), Applied Testing (forensics, veterinary testing and food safety), Pharma (pharmaceutical and biotechnology companies) and Academia (life sciences research). We market our products in more than 130 countries.

2. Basis of Presentation and Accounting Policies

The accompanying condensed consolidated financial statements were prepared in accordance with International Financial Reporting standards (IFRS) for interim financial information under International Accounting Standards (IAS) 34 *Interim Financial Reporting* as endorsed by the European Union (EU). 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. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation have been included. All amounts are presented in U.S. dollars rounded to the nearest thousand, unless otherwise indicated.

The results of operations for an interim period are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited condensed consolidated financial statements are prepared following the same accounting policies used in and should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2016.

On January 6, 2017, we acquired OmicSoft Corporation, located in Cary, North Carolina (U.S.) and on June 28, 2016, we acquired Exiqon A/S, located in Vedbaek, Denmark. Accordingly, at the acquisition dates, all the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include the operating results from the acquired companies from the acquisition dates.

The interim condensed consolidated financial statements of QIAGEN N.V. for the six-months ended June 30, 2017 were authorized for issue by the Supervisory Board on August 11, 2017. These interim condensed consolidated financial statements have not been audited or reviewed.

Significant Accounting Policies

The interim condensed consolidated financial statements were prepared based on the same accounting policies as those applied and described in the consolidated financial statements as at December 31, 2016 including the adoption of new standards and interpretations as of January 1, 2017.

Adoption of New and Amended Standards and Interpretations

The new accounting policy adopted in 2017 did not have a material impact to the condensed consolidated financial statements.

- In January 2016, the IASB issued amendments to IAS 12, *Income Taxes.* The amendments, *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12),* clarify how to account for deferred tax assets related to debt instruments measured at fair value. IAS 12 provides requirements on the recognition and measurement of current or deferred tax liabilities or assets. The amendments issued clarify the requirements on recognition of deferred tax assets for unrealized losses, to address diversity in practice. The amendments are effective for annual periods beginning on or after January 1, 2017. We adopted as of January 1, 2017 without any impact on our financial position, results of operations or cash flows at adoption.

New and amended standards and interpretations not yet adopted:

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

- In June 2016, the IASB issued three amendments to IFRS 2, *Share-based Payment,* to eliminate diversity in practice in the classification and measurement of particular share-based payment transactions. The amendments are narrow in scope and address specific areas of classification and measurement and are intended to eliminate diversity in practice in three main areas:
    - The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
    - The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
    - The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

  The amendments to IFRS 2 are effective for accounting periods beginning on or after January 1, 2018. Entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. We anticipate adopting the amendments on January 1, 2018 without any impact on our financial position, results of operations or cash flows at adoption.
- In January 2016, the IASB published IFRS 16 *Leases.* Under the new guidance, lessees will be required to present right-of-use assets and lease liabilities on the balance sheet. This new lease guidance requires that a lessee recognize the following for leases at the commencement date:
    - A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
    - A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

  IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers,* at or before the date of initial application of IFRS 16. A lessee should apply IFRS 16 to its leases either: *(a)* retrospectively to each prior reporting period presented applying IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors;* or *(b)* retrospectively with the cumulative effect of initially applying IFRS 16 recognized at the date of initial application. A lessor is not required to make any adjustments on transition for leases in which it is a lessor and should account for those leases applying IFRS 16 from the date of initial application. We do not plan to early adopt this standard and we anticipate that the adoption of this standard will require changes to our systems and processes. We expect this standard to increase total assets and total liabilities, however, we are currently evaluating the potential size of the impact that IFRS 16 may have on our consolidated financial statements.
- The IASB issued the fourth and final version of IFRS 9, *Financial Instruments*, which will be applicable beginning on or after January 1, 2018. The new guidance is expected to mainly impact the classification and measurement of financial assets and will result in additional disclosures. We are currently evaluating the impact on our financial position, results of operations or cash flows.
- The IASB has completed its process to replace IAS 39, *Financial Instruments: Recognition and Measurement,* with the issuance of the final amendments to IFRS 9. IFRS 9 (July 2014) is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 9 (July 2014) should be applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* IFRS 9 (July 2014) should not be applied to items that have been derecognized at the date of initial application. We are currently evaluating the impact on our financial position, results of operations or cash flows.
- In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* and the standard will be effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. This standard could impact in particular in the areas of allocating revenue to the different performance obligations under one contract and the timing of revenue recognition. The standard foresees different alternative approaches for the adoption of the new guidance. We have not experienced significant issues in our implementation process and based on the analysis to date, we currently do not expect the adoption to have a material impact on our existing revenue accounting policies or on the recognition of revenue from product sales. However, we continue to evaluate the impact the guidance may have in connection with collaboration and license agreements and other revenue sources. We anticipate adopting this standard on its effective date, January 1, 2018. We have not yet determined the method of adoption, but assuming the impact is not material, we expect to adopt the new standard

using the modified retrospective method with an adjustment to beginning retained earnings for the cumulative effect of the change.

Segment Reporting

We operate as one operating segment in accordance with IFRS 8 *Operating Segments*. 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 operating segment. 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, as discrete financial information is not available. However, we do provide certain revenue information by customer class in our Management Report to allow better insight into our operations. This information is estimated using certain assumptions to allocate revenue among the customer classes.

Estimates

The preparation of the condensed 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. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying accounting policies and the key sources of estimating uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2016.

3. Acquisitions

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

2017 Acquisition

On January 6, 2017, we acquired OmicSoft Corporation, a leading provider of omics data management solutions located in Cary, North Carolina (U.S.). This acquisition was not significant to the overall consolidated financial statements and as of June 30, 2017, the allocation of the purchase price remains preliminary.

2016 Acquisition

During the second quarter of 2016, we acquired a majority shareholding in Exiqon A/S (Exiqon), a publicly traded Danish company headquartered in Vedbaek, Denmark, which is a leading provider of RNA analysis solutions with a proprietary Locked Nucleic Acid (LNA) technology. The acquisition will expand our leadership position in Sample to Insight solutions for RNA analysis. On June 28, 2016, we paid DKK 627.4 million ($95.2 million) for approximately 94.52% of the outstanding Exiqon common shares. On the acquisition date, the fair value of the remaining shares was $5.5 million. The fair value of this noncontrolling share was based on reference to quoted market values of Exiqon stock. Since the acquisition date, we have acquired the remaining Exiqon shares for $5.5 million in cash, which is included in other financing activities in the accompanying condensed consolidated statements of cash flows, and as of June 30, 2017, we held 100% of Exiqon's shares.

The changes between the final purchase price allocation as of June 30, 2017 and the preliminary purchase price allocation as of June 30, 2016 include a $9.4 million increase in developed technology, a $9.2 million increase in deferred tax asset on tax loss carry forwards, a $2.8 million decrease in customer relationships, a $1.2 million increase of long-term deferred tax liability, a $0.4 million increase in other current assets and a $0.3 million increase of other opening balance sheet liabilities. The corresponding impact for these adjustments was a decrease to goodwill of $14.7 million. These changes were not material to the condensed consolidated financial statements.

(in thousands)	Exiqon acquisition
Purchase Price:	
Cash consideration	$ 95,163
Fair value of remaining shares	5,519
	$ 100,682
Final Allocation:	
Cash and cash equivalents	$ 4,824
Accounts receivable	3,581
Inventory	1,553
Other current assets	1,853
Accounts payable	(1,289)
Accruals and other current liabilities	(11,587)
Debt assumed	(6,068)
Other long term liabilities	(197)
Deferred tax asset on tax loss carry forwards	10,016
Fixed and other long term assets	2,870
Developed technology	18,500
Customer relationships	3,800
Tradenames	1,400
Goodwill	76,807
Deferred tax liability on fair value of identifiable intangible assets acquired	(5,381)
	$ 100,682

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

Revenue and earnings in the reporting periods since the acquisition date have not been significant. No pro forma financial information has been provided herein as the acquisition of Exiqon did not have a material impact to net sales, net income or earnings per share on a pro forma basis.

4. Restructuring

2016 Restructuring

During the fourth quarter of 2016, we implemented initiatives to support faster sales momentum while improving efficiency and accountability. The objective with these actions is to ensure that we grow sustainably and consistently in the coming years. Measures include simplifying our geographic presence with site reductions, focusing resources to shared service centers, and streamlining selected organizational structures. During 2017, we expanded the scope of these programs, to focus on capturing greater benefits from shared service centers and digitization. We expect to complete the program in 2017 at a total cost of approximately $101 million, of which $93.4 million has been incurred to date including $13.2 million in the six-month period ended June 30, 2017.

The following table summarizes the cash components of the restructuring activity.

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Total
Costs incurred in 2016	$ 21,252	$ 7,165	$ 8,315	$ 36,732
Payments	(2,742)	(601)	(2,391)	(5,734)
Facility deferred rent reclassified to restructuring liability	—	1,326	—	1,326
Foreign currency translation adjustment	(30)	(8)	19	(19)
Liability at December 31, 2016	18,480	7,882	5,943	32,305
Costs incurred in 2017	**4,971**	**1,807**	**8,832**	**15,610**
Release of excess accrual	**(366)**	**(1,268)**	**—**	**(1,634)**
Payments	**(15,454)**	**(6,540)**	**(8,834)**	**(30,828)**
Facility deferred rent reclassified to restructuring liability	**—**	**241**	**—**	**241**
Foreign currency translation adjustment	**715**	**42**	**105**	**862**
Liability at June 30, 2017	**$ 8,346**	**$ 2,164**	**$ 6,046**	**$ 16,556**

Of the net charges recorded in 2017, $0.9 million is recorded in cost of sales, $1.8 million is recorded in research and development, including a $0.7 million reduction in costs as a result of forfeitures of share-based compensation in connection with terminations, $4.4 million is recorded in sales and marketing and $6.2 million is recorded in general and administrative, integration and other expense.

At June 30, 2017, a restructuring accrual of $15.6 million was included in other current liabilities and $0.9 million was included in other non-current liabilities in the accompanying condensed consolidated balance sheet. At December 31, 2016, $27.6 million of the liability was included in other current liabilities and $4.7 million was included in other non-current liabilities in the accompanying condensed consolidated balance sheet.

Since 2016, we have incurred cumulative costs totaling $93.4 million related to this restructuring program that have been recorded as follows:

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Asset Impairments & Disposals	Total
Cost of sales	**$ 1,970**	**$ 205**	**$ 171**	**$ 11,553**	**$ 13,899**
Research and development	**4,081**	**3,487**	**204**	**20,370**	**28,142**
Sales and marketing	**15,145**	**3,264**	**9,886**	**1,046**	**29,341**
General and administrative, integration and other	**1,893**	**747**	**6,885**	**1,547**	**11,072**
Other expense	**—**	**—**	**—**	**10,946**	**10,946**
Total cumulative costs	**$ 23,089**	**$ 7,703**	**$ 17,146**	**$ 45,462**	**$ 93,400**

5. Available for Sale Financial Assets and Investment in Associates

Unquoted Debt Securities

At June 30, 2017 and December 31, 2016, we had $66.0 million and $89.3 million respectively, of loan receivables and commercial paper due from corporates and financial institutions. These loan receivables and commercial paper 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 June 30, 2017, these loans consist of €46.0 million ($52.5 million) and $13.5 million (total $66.0 million as of June 30, 2017) which mature at various dates through December 2018. At December 31, 2016, these loans consist of $63.5 million and €24.5 million ($25.8 million as of December 31, 2016) which mature at various dates through December 2018. All instruments that have an original tenor of more than 12 months can be redeemed on at least a quarterly basis and are therefore classified as current assets in the accompanying condensed consolidated balance sheets. Interest income is determined using the effective interest rate method.

Term Deposits and Short-Term Funds

At June 30, 2017 and December 31, 2016, we also had €3.5 million ($4.0 million) and €3.5 million ($3.7 million) respectively, in term deposits with final maturities until August 2017. The deposits can be withdrawn at the end of each quarter without penalty and are therefore classified as current assets in the accompanying condensed consolidated balance sheets.

For the six-months ended June 30, 2017 proceeds from sales of short term investments totaled $65.2 million, purchases of current available-for-sale investments totaled $36.2 million and realized gains totaled of $1.1 million.

Quoted Equity Securities

During 2016, we made an investment in shares of HTG Molecular Diagnostics, Inc., a publicly traded company, that is classified as a long-term marketable security. At June 30, 2017, we held 833,333 shares with a cost basis of $2.0 million. As of June 30, 2017 and December 31, 2016, the fair market value of these shares was $2.2 million and $1.9 million, respectively. Additionally, we hold 320,712 shares of Curetis N.V. , with a costs basis of $2.3 million. As of June 30, 2017 and December 31, 2016, the fair market value of these shares was $1.8 million and $2.2 million respectively, and are included in other non-current assets in the accompanying condensed consolidated balance sheets.

Unquoted Equity Securities

As of June 30, 2017 and December 31, 2016, we had a total of cost-method investments in non-publicly traded companies with carrying amounts of $35.3 million and $38.2 million, respectively, which are included in non-current available for sale financial instruments. These cost-method investments do not have a quoted market price in an active market and are measured at cost in accordance with IAS 39 because their fair value cannot be reliably measured. Changes in fair value of these cost-method investments are identified when there are events or changes in circumstances that may have a significant effect on the fair value of the investments. For the six-month period ended June 30, 2017, we recorded an impairment charge of $3.1 million in other expense, net in the accompanying condensed consolidated statement of income, following changes in the investee's circumstances that indicated the carrying value was no longer recoverable. Accordingly, the investment was fully impaired.

Investment in Associates

As of June 30, 2017 and December 31, 2016, we had a total of equity-method investments in non-publicly traded companies of $13.5 million and $10.8 million, respectively, which are included in investment in associates in the accompanying condensed consolidated balance sheets.

In connection with the 2016 restructuring activities discussed in Note 4, we transferred the research and development activities of our instrumentation business to a new company, Hombrechtikon Systems Engineering AG (HSE), in which we acquired a 19% interest for a total obligation of $9.8 million as of December 31, 2016 payable over three years. As of June 30, 2017, a $6.2 million obligation remains with $3.1 million included in other current liabilities and $3.1 million included in other non-current liabilities in the accompanying condensed consolidated balance sheets. HSE is accounted for under the equity method as we have significant influence but not control over the associate. As of June 30, 2017, the investment has a carrying value of $1.6 million, which is included in investments in associates in the condensed consolidated balance sheets, representing our maximum exposure to loss.

During the first half of 2017, we sold our interest in an equity-method investee, which had no book value, for $3.5 million and recorded a corresponding gain in other operating income in the accompanying condensed consolidated statement of income.

6. Intangible Assets

The changes in intangibles assets in 2017 are summarized as follows:

(in thousands)		Other Intangible Assets		Goodwill
Balance at December 31, 2016	$	718,295	$	1,951,660
Additions		48,724		—
Acquisitions		28,400		26,364
Amortization/disposals		(91,386)		—
Foreign currency translation adjustments		30,188		43,398
Balance at June 30, 2017	$	734,221	$	2,021,422

Cash paid for purchases of intangible assets during the six-months ended June 30, 2017 totaled $47.0 million. Additionally, during the six-months ended June 30, 2017, we capitalized $7.8 million of development expenses.

The changes in the carrying amount of goodwill for the six-months ended June 30, 2017 resulted primarily from the acquisition of OmicSoft as further discussed in Note 3, "Acquisitions" and changes in foreign currency translation.

7. Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and interest bearing assets or liabilities. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with our global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. We have agreed with almost all of our counterparties with whom we had entered into cross-currency swaps, interest rate swaps or foreign exchange contracts, to enter into bilateral collateralization contracts under which we will receive or provide cash collateral, as the case may be, for the net position with each of these counterparties. As of June 30, 2017, we had an asset position of $3.5 million recorded in other current assets in the accompanying condensed consolidated balance sheet. As of December 31, 2016, we had a liability position of $7.0 million recorded in other current liabilities and $1.2 million recorded in other current assets in the accompanying condensed consolidated balance sheet.
In June 2017, we entered into a foreign currency non-derivative hedging instrument that is designated and qualifies as net investment hedge. The objective of the hedge is to protect part of the net investment in foreign operations against adverse changes in the exchange rate between the Euro and the functional currency of the U.S. dollar. The non-derivative hedging instrument is the German private corporate bond ("Schuldschein") was issued in the total amount of $301.2 million as described in Note 9 " Financial Debts." Of the $301.2 million, which is held in both U.S. dollars and Euro, €230.0 million is designated as the hedging instrument against a portion of our Euro net investments in our foreign operations. The relative changes in both the hedged item and hedging instrument are calculated by applying the change in spot rate between two assessment dates against the respective notional amount. The effective portion of the hedge is recorded in the cumulative translation adjustment account within reserves. Based on the spot rate method, the unrealized loss recorded in equity as of June 30, 2017 is $6.2 million. Since we are using the debt as the hedging instrument, which is also remeasured based on the spot rate method, there is no hedge ineffectiveness related to the net investment hedge as of June 30, 2017.

As of June 30, 2017 and December 31, 2016, we held derivative instruments that are designated and qualify as cash flow hedges where the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In 2017 and 2016, we did not record any hedge ineffectiveness related to any cash-flow hedges in earnings. Based on their valuation as of June 30, 2017, we expect approximately $6.2 million of derivative losses included in accumulated other comprehensive income will be reclassified into income during the next 12 months. These cash flows derived from derivatives are classified in the condensed consolidated statements of cash flows in the same category as the condensed consolidated balance sheet account of the underlying item.

Interest Rate Derivatives

We use interest rate derivative contracts to align our portfolio of interest bearing assets and liabilities with our risk management objectives. These contracts are measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. During 2015, we entered into five cross currency interest rate swaps through 2025 for a total notional amount of €180.0 million which qualify for hedge accounting as cash flow hedges. We determined that no ineffectiveness exists related to these swaps. As of June 30, 2017, the €180.0 million notional swap amount had a fair value of $12.5 million recorded in other non-current liabilities and a related interest receivable of $1.4 million which is recorded in other current assets in the accompanying condensed consolidated balance sheet. As of December 31, 2016, this swap had a fair value of $1.4 million and accrued and unpaid interest of $1.7 million which are recorded in other non-current assets and other current assets, respectively, in the accompanying condensed consolidated balance sheet.

During 2014, we entered into interest rate swaps, which effectively fixed the fair value of $200.0 million of our fixed rate private placement debt. As of June 30, 2017, the $200.0 million notional swap amount had an aggregate fair value of $3.2 million and accrued and unpaid interest of $0.4 million which are recorded in other non-current assets and other current assets, respectively, in the accompanying condensed consolidated balance sheet. At December 31, 2016, this swap had a fair value of $3.1 million and accrued and unpaid interest of $0.6 million which are recorded in other non-current assets and other current assets, respectively, in the accompanying condensed consolidated balance sheet. For the six months ended June 30, 2017 and June 30, 2016, the change in the fair value of the interest rate derivatives resulted in gains of $0.1 million and gains of $7.7 million, respectively, recorded in other financial income (expense), net in the accompanying condensed consolidated statements of income.

Call Options

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

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

The Call Options, for which our common stock is the underlying security, are a derivative asset that requires mark-to-market accounting treatment due to the cash settlement features until the Call Options settle or expire. The Call Options are measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the Call Options, refer to Note 8 "Fair Value Measurements." The fair value of the Call Options at June 30, 2017 and December 31, 2016 was approximately $224.0 million and $185.8 million, respectively, which is recorded in other non-current assets in the accompanying condensed consolidated balance sheets.

The Call Options do not qualify for hedge accounting treatment. Therefore, the change in fair value of these instruments is recognized immediately in our condensed consolidated statements of income in other financial income (expense), net. For the six months ended June 30, 2017 and June 30, 2016, the change in the fair value of the Call Options resulted in gains of $38.3 million and losses of $94.3 million, respectively. Because the terms of the Call Options are substantially similar to those of the Cash Convertible Notes' embedded cash conversion option, discussed below, we expect the effect on earnings from those two derivative instruments to mostly offset each other.

The Warrants represent approximately 25.8 million shares of our common stock (subject to antidilution adjustments under certain circumstances) and following the completion of the synthetic share repurchase, have an exercise price of $32.0558 per share, subject to customary adjustments. The Warrants expire as follows: warrants to purchase 15.2 million shares expire over a period of 50 trading days beginning on December 27, 2018 and Warrants to purchase 10.6 million shares expire over a period of 50 trading days beginning on December 29, 2020. The Warrants are exercisable only upon expiration. For each Warrant that is exercised, we will deliver to the holder a number of shares of our common stock equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. The Warrants could separately have a dilutive effect on shares of our common stock to the extent that the market value per share of our common stock exceeds the applicable exercise price of the Warrants (as measured under the terms of the Warrants). The fair value of the Warrants at June 30, 2017 and December 31, 2016 was approximately $172.9 million and $154.3 million, respectively, which is recorded in other non-current liabilities in the accompanying condensed consolidated balance sheets. For the six months ended June 30, 2017 and June 30, 2016, the change in the fair value of the Warrants resulted in losses of $18.6 million and gains of $80.9 million, respectively, recognized in other financial income (expense), net.

Cash Convertible Notes Embedded Cash Conversion Option

The embedded cash conversion option within the Cash Convertible Notes is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our condensed consolidated statements of income in other financial expense, net until the cash conversion option settles or expires. For further discussion of the Cash Convertible Notes, refer to Note 9, "Debt". The initial fair value liability of the embedded cash conversion options was $105.2 million, which simultaneously reduced the carrying value of the Cash Convertible Notes (effectively an original issuance discount). The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the embedded cash conversion option, refer to Note 8, "Fair Value Measurements." The fair value of the embedded cash conversion option at June 30, 2017 and December 31, 2016 was approximately $225.1 million and $187.5 million, respectively, and is included in other non-current liabilities in the accompanying condensed consolidated balance sheets. For the six-months ended June 30, 2017 and 2016, the change in the fair value of the embedded cash conversion option resulted in losses of $37.6 million and gains of $95.2 million, respectively recognized in our condensed consolidated statements of income in other financial income (expense), net.

Foreign Currency Derivatives

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

Undesignated Derivative Instruments

We are party to various foreign exchange forward, option and swap arrangements which had, at June 30, 2017, an aggregate notional value of approximately $382.2 million and fair value of $4.7 million included in other current assets and $4.1 million included in other current liabilities, which expire at various dates through February 2018.

We were party to various foreign exchange forward and swap arrangements which had, at December 31, 2016, an aggregate notional value of $347.6 million and fair values of $3.2 million included in other current assets and $6.1 million included in other current liabilities, which expired at various dates through December 2017. The transactions have been entered into to offset the effects from balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other financial expense, net.

Fair Values of Derivative Instruments

The following table summarizes the fair value amounts of derivative instruments reported in the condensed consolidated balance sheets as of June 30, 2017 and December 31, 2016:

(in thousands)	Derivatives in Asset Positions Fair value 6/30/2017	12/31/2016	Derivatives in Liability Positions Fair value 6/30/2017	12/31/2016
Derivative instruments designated as hedges				
Interest rate contracts [1]	**$ 1,398**	$ 3,043	**$ (12,473)**	$ —
Total derivative instruments designated as hedges	**$ 1,398**	$ 3,043	**$ (12,473)**	$ —
Undesignated derivative instruments				
Interest rate contracts [1]	**$ 3,580**	$ 3,612	**$ —**	$ —
Call spread overlay	**224,006**	185,750	**(172,931)**	(154,347)
Cash conversion options	**—**	—	**(225,131)**	(187,546)
Foreign exchange contracts	**4,673**	3,154	**(4,069)**	(6,089)
Total derivative instruments	**$ 232,259**	$ 192,516	**$ (402,131)**	$ (347,982)

[1] The fair value amounts for the interest rate contracts include accrued interest.

Gains and Losses on Derivative and Non-Derivative Instruments

The following tables summarize the locations and gains and losses on derivative and non-derivative instruments for the six months ended June 30, 2017 and 2016:

Six months ended June 30, 2017 (in thousands)	Gain/(loss) recognized in equity	Location of gain or loss in income statement	(Gain) loss reclassified from equity into income	Gain (loss) recognized in income
Non-derivative instruments				
Net investment hedge	$ (6,228)	Other financial income, net	—	n/a
Derivative instruments designated as hedges				
Interest rate contracts	$ (13,841)	Other financial income, net	$ 15,678	n/a
Undesignated derivative instruments				
Warrants	n/a	Other financial income, net	n/a	$ (18,584)
Interest rate contracts	n/a	Other financial income, net	n/a	$ 110
Call spread overlay	n/a	Other financial income, net	n/a	671
Foreign exchange contracts	n/a	Other financial income, net	n/a	6,534
				$ (11,269)

Six months ended June 30, 2016 (in thousands)	Gain/(loss) recognized in equity	Location of gain or loss in income statement	(Gain) loss reclassified from equity into income	Gain (loss) recognized in income
Derivative instruments designated as hedges				
Interest rate contracts	$ (4,825)	Other financial income, net	3,870	n/a
Undesignated derivative instruments				
Warrants	n/a	Other financial income, net	n/a	$ 80,914
Interest rate contracts	n/a	Other financial income, net	n/a	$ 7,739
Call spread overlay	n/a	Other financial income, net	n/a	894
Foreign exchange contracts	n/a	Other financial income, net	n/a	(3,125)
				$ 86,422

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

8. 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 available-for-sale financial assets, which are classified in Level 1 and Level 2 of the fair value hierarchy, derivative contracts used to hedge currency and interest rate risk, derivative financial instruments entered into in connection with the Cash Convertible Notes discussed in Note 7, 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. There have been no transfers between levels.

In determining fair value for Level 2 instruments, we apply a market approach, using quoted active market prices relevant to the particular instrument under valuation, giving consideration to the credit risk of both the respective counterparty to the contract and the Company. To determine our credit risk we estimated our credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, our credit risk was quantified by reference to publicly-traded debt with a corresponding rating. The Level 2 derivative financial instruments include the Call Options asset, the Warrants liability and the embedded conversion option liability. See Note 9, "Financial Debts", and Note 7, "Derivatives and Hedging", for further information. The derivatives are not actively traded and are valued based on an option pricing model that uses observable market data for inputs. Significant market data inputs used to determine fair values as of June 30, 2017 included our common stock price, the risk-free interest rate, and the implied volatility of our common stock. The Call Options asset and the embedded cash conversion option liability were designed with the intent that changes in their fair values would substantially offset, with limited net impact to our earnings. Therefore, the sensitivity of changes in the unobservable inputs to the option pricing model for such instruments is substantially mitigated.

Our Level 3 instruments include contingent consideration liabilities. We value contingent consideration liabilities using unobservable inputs, applying the income approach, such as the discounted cash flow technique, or the probability-weighted scenario method. Contingent consideration arrangements obligate us to pay the sellers of an acquired entity if specified future events occur or conditions are met such as the achievement of technological or revenue milestones. We use various key assumptions, such as the probability of achievement of the milestones (0% to 100%) and the discount rate (between 2.2% and 7.7%), 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 condensed consolidated statements of income in the line items commensurate with the underlying nature of milestone arrangements.

The following tables presents our hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2017 and December 31, 2016:

(in thousands)	**Level 1**	**Level 2**	**Level 3**	**June 30, 2017**
Available-for-sale financial assets, current	$ 4,005	$ 62,001	$ —	**$ 66,006**
Available-for-sale financial assets, non-current	4,028	—	—	**4,028**
Call Option	—	224,006	—	**224,006**
Foreign exchange contracts	—	4,673	—	**4,673**
Interest rate contract	—	4,978	—	**4,978**
Assets	**$ 8,033**	**$ 295,658**	**$ —**	**$ 303,691**
Foreign exchange contracts	$ —	$ (4,069)	$ —	**$ (4,069)**
Interest rate contracts	—	(12,473)	—	**(12,473)**
Cash conversion option	—	(225,131)	—	**(225,131)**
Warrants	—	(172,931)	—	**(172,931)**
Contingent consideration	—	—	(10,053)	**(10,053)**
Liabilities	**$ —**	**$ (414,604)**	**$ (10,053)**	**$ (424,657)**

(in thousands)	Level 1	Level 2	Level 3	December 31, 2016
Available-for-sale financial assets, current	$ 3,699	$ 89,300	$ —	**$ 92,999**
Available-for-sale financial assets, non-current	4,064	—	—	**4,064**
Call Option	—	185,750	—	**185,750**
Foreign exchange contracts	—	3,154	—	**3,154**
Interest rate contract	—	6,655	—	**6,655**
Assets	**$ 7,763**	**$ 284,859**	**$ —**	**$ 292,622**
Foreign exchange contracts	$ —	$ (6,089)	$ —	**$ (6,089)**
Cash conversion option	—	(187,546)	—	**(187,546)**
Warrants	—	(154,347)	—	**(154,347)**
Contingent consideration	—	—	(8,754)	**(8,754)**
Liabilities	$ —	**$ (347,982)**	**$ (8,754)**	**$ (356,736)**

For financial liabilities with Level 3 inputs, the following table summarizes the activity for the six months ended June 30, 2017.

(in thousands)	Contingent Consideration
Beginning Balance at January 1, 2017	**$ (8,754)**
Additions from acquisitions	**(4,000)**
Additions	**(799)**
Payments	**3,500**
Ending balance at June 30, 2017	**$ (10,053)**

As of June 30, 2017, of the total $10.1 million accrued for contingent consideration, $4.1 million is included in other non-current liabilities and $6.0 million is included in other current liabilities in the accompanying condensed consolidated balance sheet.

The carrying values of financial instruments, including cash and equivalents, accounts receivable, accounts payable and other current liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of non-current financial debt as disclosed in Note 9, "Financial Debts", was based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future. There were no adjustments in the six-month periods ended June 30, 2017 and 2016 for nonfinancial assets or liabilities required to be measured at fair value on a nonrecurring basis.

9. Financial Debts

Our credit facilities available and undrawn at June 30, 2017 total €436.6 million (approximately $498.2 million). This includes a €400.0 million syndicated multi-currency revolving credit facility expiring December 2021 of which no amounts were utilized at June 30, 2017 or at December 31, 2016, and four other lines of credit amounting to €36.6 million with no expiration date, none of which were utilized as of June 30, 2017 or as of December 31, 2016. The €400.0 million facility can be utilized in Euro, British pounds sterling, Swiss franc or U.S. dollar and bears interest of 0.4% to 1.2% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, or six months. The commitment fee is calculated based on 35% of the applicable margin. The revolving facility agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on the encumbrance of assets and the maintenance of certain financial ratios. We were in compliance with these covenants at June 30, 2017. The credit facilities are for general corporate purposes.

At June 30, 2017 and December 31, 2016, long-term debt, net of debt issuance costs of $7.9 million and $8.1 million, respectively, consists of the following:

(in thousands)	June 30, 2017	December 31, 2016
0.375% Senior Unsecured Cash Convertible Notes due 2019	**$ 408,781**	$ 402,806
0.875% Senior Unsecured Cash Convertible Notes due 2021	**266,527**	262,370
3.19% Series A Senior Notes due October 2019	**72,875**	72,849
3.75% Series B Senior Notes due October 2022	**299,182**	299,106
3.90% Series C Senior Notes due October 2024	**26,916**	26,910
Schuldschein Private Placement	**306,384**	—
Total non-current financial debts	**$ 1,380,665**	$ 1,064,041

The notes are all unsecured obligations that rank pari passu.

Cash Convertible Notes due 2019 and 2021

On March 19, 2014, we issued $730.0 million aggregate principal amount of Cash Convertible Senior Notes of which $430.0 million is due in 2019 (2019 Notes) and $300.0 million is due in 2021 (2021 Notes). We refer to the 2019 Notes and 2021 Notes, collectively as the “Cash Convertible Notes”. The aggregate net proceeds of the Cash Convertible Notes was $686.9 million, after payment of the net cost of the Call Spread Overlay described below and transaction costs, excluding approximately $5.8 million of accrued debt issuance costs at March 31, 2014. Additionally, we used $372.5 million of the net proceeds to repay the 2006 Notes and related subscription right described below.

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

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

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

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

As adjusted by the synthetic share repurchase discussed in Note 12, the conversion rate is 7,063.1647 shares of our common stock per $200,000 principal amount of Cash Convertible Notes (reflecting an adjusted conversion price of approximately $28.32 per share of common stock). Upon conversion, holders are entitled to a cash payment (Cash Settlement Amount) equal to the average of the conversion rate multiplied by the daily volume-weighted average trading price for our common stock over a 50-day period. The conversion rate is subject to adjustment in certain instances but will not be adjusted for any accrued and unpaid interest. In addition, following the occurrence of certain corporate events that may occur prior to the applicable maturity date, we may be required to pay a cash make-whole premium by increasing the conversion rate for any holder who elects to convert Cash Convertible Notes in connection with the occurrence of such a corporate event.

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

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

As noted above, the reduced carrying value on the Cash Convertible Notes resulted in a debt discount that is amortized to the principal amount through the recognition of non-cash interest expense over the expected life of the debt, which is five and seven years for the 2019 Notes and 2021 Notes, respectively. This resulted in our recognition of interest expense on the Cash Convertible Notes at an effective rate approximating what we would have incurred had nonconvertible debt with otherwise similar terms been issued. The effective interest rate of the 2019 and 2021 Notes is 2.937% and 3.809%, respectively, which is imputed based on the amortization of the fair value of the embedded cash conversion option over the remaining term of the Cash Convertible Notes. As of June 30, 2017, we expect the 2019 Notes to be outstanding until their 2019 maturity date and the 2021 Notes to be outstanding until their 2021 maturity date, for remaining amortization periods of approximately three and five years, respectively. Based on an estimation using available over-the-counter market information on the Cash Convertible Notes, the Level 2 fair value of the 2019 Notes was $530.2 million and $485.9 million and the fair value of the 2021 Notes was $386.1 million and $349.6 million, at June 30, 2017 and December 31, 2016, respectively.

In connection with the issuance of the Cash Convertible Notes, we incurred approximately $13.1 million in transaction costs. Such costs have been allocated to the Cash Convertible Notes and are being amortized over the terms of the Cash Convertible Notes.

Interest expense related to the Cash Convertible Notes was comprised of the following:

	Six months ended June 30,	
(in thousands)	**2017**	**2016**
Coupon interest	**$ 2,119**	$ 2,119
Amortization of original issuance discount	**8,970**	8,679
Amortization of debt issuance costs	**1,162**	1,132
Total interest expense related to the Cash Convertible Notes	**$ 12,251**	$ 11,930

Cash Convertible Notes Call Spread Overlay

Concurrent with the issuance of the Cash Convertible Notes, we entered into privately negotiated hedge transactions (Call Options) with, and issued warrants to purchase shares of our common stock (Warrants) to, certain financial institutions. We refer to the Call Options and Warrants collectively as the "Call Spread Overlay". The Call Options are intended to offset any cash payments payable by us in excess of the principal amount due upon any conversion of the Cash Convertible Notes. We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay for the Call Options, and simultaneously received $68.9 million (net of issuance costs) from the sale of the Warrants, for a net cash outlay of $36.3 million for the Call Spread Overlay. The Call Options and Warrants are derivative financial instruments and is discussed further in Note 7, "Derivatives and Hedging."

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

The Warrants cover an aggregate of 25.8 million shares of our common stock (subject to anti-dilution adjustments under certain circumstances) and following the completion of the synthetic share repurchase, have an exercise price of $32.0558 per share, subject to customary adjustments. The Warrants expire as follows: Warrants to purchase 15.2 million shares expire over a period of 50 trading days beginning on December 27, 2018 and Warrants to purchase 10.6 million shares expire over a period of 50 trading days beginning on December 29, 2020. The Warrants are European-style (exercisable only upon expiration). The Warrants could have a dilutive effect to the extent that the price of our common stock exceeds the applicable strike price of the Warrants. For each Warrant that is exercised, we will deliver to the holder a number of shares of our common stock equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. We will not receive any additional proceeds if the Warrants are exercised.

Private Placement

In October 2012, we completed a private placement through the issuance of new senior unsecured notes at a total amount of $400 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73 million 7-year term due in 2019 (3.19%); (2) $300 million 10-year term due in 2022 (3.75%); and (3) $27 million 12-year term due in 2024 (3.90%). We paid $2.1 million in debt issuance costs which are being amortized through interest expense over the lifetime of the notes. The note purchase agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on priority indebtedness and the maintenance of certain financial ratios. We were in compliance with these covenants at June 30, 2017. Based on an estimation using the changes in the U.S. Treasury rates, the Level 2 fair value of these senior notes as of June 30, 2017 and December 31, 2016 was approximately $398.5 million and $397.1 million, respectively.

German Private Placement (Schuldschein)

In June 2017, we completed a German private placement bond ("Schuldschein") which was issued in several tranches totaling $301.2 million due in various periods through 2027. The Schuldschein consists of U.S. dollar and Euro denominated tranches. The Euro tranches are designated as a foreign currency non-derivative hedging instrument that qualifies as a net investment hedge as described in Note 7 "Derivatives and Hedging". Based on the spot rate method, the change in the carrying value of the Euro denominated tranches attributed to the net investment hedge as of June 30, 2017 totaled $6.2 million and is recorded in equity. We paid $1.1 million in debt issuance costs which are being amortized through interest expense over the lifetime of the notes. A summary of the tranches as of June 30, 2017 is as follows:

The Schuldschein loan agreements contain customary negative pledge language but no covenants regarding the maintenance of any financial ratios. At June 30, 2017, we were in compliance with the applicable undertakings.

Currency	Notional Amount	Interest Rate	Maturity	Carrying Value as of June 30, 2017 (in thousands)	
EUR	€11.5 million	Fixed 0.4%	March 2021	$	**13,077**
EUR	€23.0 million	Floating EURIBOR + 0.4%	March 2021		**26,155**
EUR	€21.5 million	Fixed 0.68%	October 2022		**24,449**
EUR	€64.5 million	Floating LIBOR + 0.5%	October 2022		**73,347**
USD	$45.0 million	Floating LIBOR + 1.2%	October 2022		**44,837**
EUR	€64.0 million	Fixed 1.09%	June 2024		**72,778**
EUR	€31.0 million	Floating EURIBOR + 0.7%	June 2024		**35,252**
EUR	€14.5 million	Fixed 1.61%	June 2027		**16,489**
				$	**306,384**

10. Income Taxes

The interim provision for income taxes is based upon the estimated annual effective tax rates for the year applied to the current period ordinary income before tax plus the tax effect of any discrete items. Our operating subsidiaries are exposed to effective tax rates ranging from zero to more than 40%. Fluctuations in the distribution of pre-tax income (loss) among our operating subsidiaries can lead to fluctuations of the effective tax rate in the condensed consolidated financial statements. In the six-month periods ended June 30, 2017 and 2016, the effective tax rates were 6.1% and (1.7)%, respectively.

During the six-month periods ended June 30, 2016, we released $6.8 million of unrecognized tax benefits due to the closure of a tax audit or lapse of statute of limitations. Additionally, in 2017 and 2016, tax expense on foreign operations was favorably impacted by lower income tax rates and partial tax exemptions on foreign income primarily derived from operations in Germany, Singapore, Luxembourg, Ireland and Switzerland. These foreign tax benefits are due to a combination of favorable tax laws, rules, rulings, and exemptions in these jurisdictions. In particular, we have pre-tax income in Germany which is statutorily exempt from trade tax on intercompany foreign royalty income. Further, we have intercompany financing arrangements through Luxembourg and Ireland in which the intercompany income is partially exempt.

We conduct business globally and, as a result, file numerous consolidated and separate income tax returns in The Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. Our subsidiaries are generally no longer subject to income tax examinations by tax authorities for years before 2012. During the first quarter of 2016, the U.S. tax authority (Internal Revenue Service) concluded its federal audit of our U.S. tax returns for 2011 and 2012 without any adjustments. In February 2016, German tax authorities began the audit of the German tax returns for the 2010 through 2013 tax years. This audit is currently in process and we expect to close the audit in 2017.

As of June 30, 2017, residual Netherlands income taxes have not been provided on the undistributed earnings of the majority of our foreign subsidiaries as these earnings are considered to be either permanently reinvested or can be repatriated tax free under the Dutch participation exemption.

11. Inventories

The components of inventories consist of the following as of June 30, 2017 and December 31, 2016:

(in thousands)	June 30, 2017	December 31, 2016
Raw materials	**$ 25,755**	$ 29,402
Work in process	**31,246**	28,123
Finished goods	**98,666**	79,027
Total inventories	**$ 155,667**	$ 136,552

12. Equity

Share Repurchase Programs

On April 27, 2016, we announced the launch of our fourth $100 million share repurchase program which is expected to be completed by the end of 2017.

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

Synthetic Share Repurchase Program

In August 2016, we announced our plan to return approximately $250 million to shareholders through a synthetic share repurchase program that combines a direct capital repayment with a reverse stock split. These actions have been used previously by other large, multinational Dutch companies as an efficient way to provide return of capital to shareholders. No Dutch dividend withholding tax is expected to be applicable as a result of these transactions.

The synthetic share repurchase was implemented through a series of amendments to our Articles of Association which were approved by our shareholders at an Extraordinary General Meeting (EGM) held on October 26, 2016. The first amendment involved an increase in share capital by an increase in the nominal value per common share from EUR 0.01 to EUR 1.04 and a corresponding reduction in additional paid in capital. The second amendment involved a reduction in stock whereby 27 existing common shares with a nominal value of EUR 1.04 each were consolidated into 26 new common shares with a nominal value of EUR 1.08 each. The third amendment was a reduction of the nominal value per common share from EUR 1.08 to EUR 0.01. As a result of these amendments, which in substance constitute a synthetic share buyback, $243.9 million was repaid to our shareholders and the outstanding number of common shares was reduced by 8.9 million, or 3.7%. The capital repayment program was completed in January 2017. Expenses incurred related to the capital repayment and share consolidation amounted to $0.5 million and were charged to equity.

13. Earnings per Common Share

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

	Six months ended June 30,	
(in thousands, except per share data)	**2017**	**2016**
Net income attributable to the owners of QIAGEN N.V.	**$ 15,993**	$ 121,464
Weighted average number of common shares used to compute basic net income per common share	**228,968**	234,423
Dilutive effect of stock options and restricted stock units	**4,813**	3,725
Weighted average number of common shares used to compute diluted net income per common share	**233,781**	238,148
Outstanding options and awards having no dilutive effect, not included in above calculation	**94**	414
Basic earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.07**	$ 0.52
Diluted earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.07**	$ 0.51

14. Commitments and Contingencies

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, we could be required to make additional contingent cash payments totaling up to $27.6 million based on the achievement of certain revenue and operating results milestones as follows: $15.5 million in the remainder of 2017, $5.1 million in 2019 and $7.0 million payable in any 12-month period from now through 2029 based on the accomplishment of certain revenue or diagnostic approval targets. Of the $27.6 million total contingent obligation, we have assessed the fair value at June 30, 2017 to be $10.1 million, of which $4.1 million is included in other non-current liabilities and $6.0 million is included in other current liabilities in the accompanying condensed consolidated balance sheet.

Preacquisition Contingencies

In connection with certain acquisitions, amounts were paid into escrow accounts to cover certain preacquisition contingencies assumed in the acquisition. The escrow amounts that are likely to be claimed by QIAGEN are recorded as an asset in other non-current assets and amount to $2.5 million as of June 30, 2017 ($2.5 million as of December 31, 2016).

Contingencies

In the ordinary course of business, we provide a warranty to customers that our products are free of defects and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, we typically provide limited warranties with respect to our services. From time to time, we also make other warranties to customers, including warranties that our products are manufactured in accordance with applicable laws and not in violation of third-party rights. We provide for estimated warranty costs at the time of the product sale. We believe our warranty reserves of $2.9 million and $2.8 million as of June 30, 2017 and December 31, 2016, respectively, appropriately reflect the estimated cost of such warranty obligations.

Litigation

From time to time, we may be party to legal proceedings incidental to our business. As of June 30, 2017, we had accruals for settlement losses related to various acquisition-related litigation matters, primarily related to PCR-based biomarker disputes, which were settled during the second quarter of 2017 totaling $17.3 million recorded in other current liabilities in the accompanying condensed consolidated balance sheet of which $13.4 million was recorded to general and administrative, integration and other expense during the second quarter of 2017 and $3.9 million was recorded as a license right.

As of June 30, 2017, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or our subsidiaries. These matters have arisen in the ordinary course and conduct of business, as well as through acquisition. Although it is not possible to predict the outcome of such litigation, we assess the degree of probability and evaluate the reasonably possible losses that we could incur as a result of these matters. We accrue for any estimated loss when it is probable that a liability has been incurred and the amount of probable loss can be estimated. In case of any loss where the plaintiff is also a customer, we would evaluate if there is an identifiable benefit that can be reliably measured and that is separate from the customer's purchase of our products in determining the classification of the loss. Based on the facts known to us and after consultation with legal counsel, management believes that such legal proceedings will not have a material adverse effect on our financial position or results of operations.

15. Share-Based Payments

Stock Units

Stock units represent rights to receive our common shares at a future date and include restricted stock units which are subject to time-based vesting only and performance stock units which include performance conditions in addition to time-based vesting. During the six-month periods ended June 30, 2017, we granted 1.9 million stock awards compared to 1.0 million stock awards for the six-month periods ended June 30, 2016.

At June 30, 2017, there was $104.9 million remaining in unrecognized compensation expense, less estimated forfeitures, related to these awards which will be recognized over a weighted-average period of 2.77 years.

Share-Based Compensation Expense

Total share-based compensation expense for the six-month periods ended June 30, 2017 and 2016 is comprised of the following:

	Six months ended June 30,	
(in thousands)	2017	2016
Cost of sales	**$ 1,364**	$ 1,001
Research and development	**2,449**	2,613
Sales and marketing	**4,770**	2,235
General and administrative, restructuring, integration and other	**10,475**	6,328
Share-based compensation expense before taxes	**19,058**	12,177
Income tax	**7,342**	(2,378)
Net share-based compensation expense	**$ 11,716**	$ 14,555

Total share-based compensation expense for the and six-month period ended June 30, 2017 was higher compared to the same period in 2016 due to a reassessment on stock units with performance criteria in 2016 which lowered 2016 expense. No compensation cost was capitalized in inventory at June 30, 2017 or December 31, 2016 as the amounts were not material.

16. Related Party Transactions

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

In 2016, we increased an existing loan bearing interest of 6% and a maturity date of January 2020 with a company in which we hold an ownership interest from $5.0 million to $10.0 million. As of June 30, 2017, this loan balance is $11.0 million including accrued interest. In 2015, we entered into a €2.0 million ($2.7 million as of June 30, 2017 including accrued interest) loan agreement, bearing interest of 7% and due in June 2019, with another company in which we hold an ownership interest. The loans were made for general business purposes and no amounts have been repaid. These loans are included in other non-current assets in the accompanying condensed consolidated balance sheet as of June 30, 2017.

During 2016, we acquired a 19.0% interest in Hombrechtikon Systems Engineering AG (HSE) for a total obligation of $9.8 million as of December 31, 2016, which is payable over three years. During the first quarter of 2017, $3.9 million was paid and as of June 30, 2017, $3.1 million was included in other current liabilities and $3.1 million was included in other non-current liabilities in the accompanying consolidated balance sheet. HSE is accounted for under the equity method of accounting.

17. Subsequent Events

Based on the Company's review, no other events or transactions have occurred subsequent to June 30, 2017, that would have a material impact on the financial statements as presented.

Venlo, August 11, 2017

QIAGEN N.V.

/s/ Peer M. Schatz	/s/ Roland Sackers
Peer M. Schatz	Roland Sackers
CEO	CFO

QIAGEN N.V.

Responsibility statement of the Management Board to the condensed consolidated financial statements for the six months ended June 30, 2017

(unaudited)

The Managing Board of QIAGEN declares that, to the best of their knowledge,

- the condensed consolidated financial statements for the six months ended June 30, 2017 (half-year financial statements) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation;
- the management report gives a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions as required by provision 5.25d section 2 sub (c) of the Dutch act on financial supervision (*Wet op het financieel toezicht*).

Venlo, August 11, 2017

QIAGEN N.V.

/s/ Peer M. Schatz	/s/ Roland Sackers
Peer M. Schatz	Roland Sackers
CEO	CFO

QIAGEN N.V.

Interim management report for the six months ended June 30, 2017

(unaudited)

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

Forward-looking and Cautionary Statements

This report contains forward-looking statements that are subject to risks and uncertainties. These statements can be identified by the use of forward-looking terminology, such as "believe," "hope," "plan," "intend," "seek," "may," "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: risks associated with our expansion of operations, including the acquisition of new businesses; variability in our operating results from quarter to quarter; management of growth, international operations, and dependence on key personnel; intense competition; technological change; our ability to develop and protect proprietary products and technologies and to enter into and maintain collaborative commercial relationships; our future capital requirements; general economic conditions and capital market fluctuations; and uncertainties as to the extent of future government regulation of our business. As a result, our future success involves a high degree of risk. For further information, refer to the more specific risks and uncertainties discussed on pages 33 to 48 of the 2016 Annual Report.

Results of Operations

Overview

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

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

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

We market products in more than 130 countries, mainly through subsidiaries in markets we believe have the greatest sales potential in Europe, Asia, the Americas and Australia. We also work with specialized independent distributors and importers. As of June 30, 2017, we employed approximately 4,600 people in more than 35 locations worldwide.

Sustaining growth trajectory with Sample to Insight portfolio

QIAGEN continues to capture growth opportunities with differentiated Sample to Insight solutions enabling molecular testing across the continuum from basic research to clinical healthcare. Among recent developments:

- **QuantiFERON-TB Gold Plus** (QFT-Plus), the fourth generation of the market-leading blood test for detecting latent tuberculosis (TB) infection, was approved in June 2017 by the U.S. Food and Drug Administration (FDA). QIAGEN submitted a pre-market approval (PMA) supplement in late 2016, and U.S. commercialization is expected to begin later this year. The FDA approval follows the launch and successful uptake of QFT-Plus in more than 75 countries across Europe, the Middle East, Africa, Asia and Latin America. The QuantiFERON-TB franchise continues to grow rapidly as global TB control efforts embrace the value of screening to prevent progression to active TB. Recent approval by France's Ministry of Health and Social Affairs of the reimbursement of QFT-Plus by the national health insurance system was among the important advances so far in 2017 in screening of at-risk individuals for latent TB infection.
- The **GeneReader NGS System**, the world's first complete Sample to Insight solution for next-generation sequencing, is gaining momentum in 2017 with new placements and an expanding menu of test content. In addition to the GeneRead QIAact Actionable Insights Tumor Panel for analysis of DNA variances in widespread cancers, QIAGEN has launched the GeneRead QIAact BRCA 1/2 Panel and the GeneRead QIAact Lung DNA Panel. All three panels analyze both FFPE (tissue biopsy) and liquid biopsy samples for use in clinical research. Additional assays are in development to further improve the unique utility of GeneReader for a broader range of oncology applications. QIAGEN also has started offering customized NGS assays to provide GeneReader customers with access to an extensive panel content portfolio.
- **Personalized Healthcare** continues to expand through collaborations to develop molecular tests providing genomic insights to guide medical decision-making for patients. As announced at the American Society for Cancer Oncology (ASCO) annual meeting in June 2017, QIAGEN and Bristol-Myers Squibb (BMS) signed a groundbreaking collaboration to explore the use of NGS technology to develop gene expression profiles (GEPs) as predictive or prognostic tools for use with novel BMS immuno-oncology (I-O) therapies in cancer treatment. This will leverage the combination of BMS's portfolio with QIAGEN's proven track record in developing and commercializing companion and complementary diagnostics, as well as QIAGEN's portfolio of NGS technologies. I-O therapies offer a novel way to treat cancer by using drugs to target the body's immune system to help fight cancer.

  To support rapidly growing research in immuno-oncology, QIAGEN acquired the worldwide rights from The Johns Hopkins University to biomarkers to assess microsatellite instability (MSI) and mismatch repair (MMR), along with tumor mutation burden (TMB), which play key roles in identifying cancer patients who could benefit from novel I-O therapies.
- **QIAsymphony**, the premier Sample to Insight automation solution, continues to grow rapidly through global placements toward the goal of more than 2,000 cumulative placements by the end of 2017. During the first half of 2017, the systems' menu offering was expanded with two additional FDA-approved tests, in particular the JAK2 assay for use in blood cancer.

Initiatives to sustain faster sales momentum while delivering margin benefits

QIAGEN announced new initiatives during the fourth quarter of 2016 to sustain faster sales momentum while improving efficiency and accountability to increase margins. Significant efficiency benefits have already been delivered, and targeted actions are continuing during 2017. QIAGEN has expanded the scope of these programs, in particular attempting to capture greater benefits from shared service centers and digitization.

Six-Month Period Ended June 30, 2017, compared to Six-Month Period Ended June 30, 2016

Net Sales

Net sales rose 4% in the first half of 2017 to $656.7 million compared to $632.8 million in the same period in 2016 with adverse currency movements resulting in a loss of two percentage points of sales growth. Organic expansion provided four percentage points to total growth, while two percentage points came from Exiqon and OmicSoft when excluding the effect of adverse currency movements. Excluding the expected impact of lower U.S. sales of HPV tests, which created approximately one percentage point of headwind, as well as the effect of adverse currency movements, net sales rose approximately 7% in the first half of 2017.

Net sales by product category and customer class	First six months 2017		
	Sales (In $ m)	% change	% of sales
Consumables and related revenues	$582	5%	89%
Instruments	$75	-5%	11%
Molecular Diagnostics[1]	$310	2%	47%
Applied Testing	$62	14%	10%
Pharma	$134	5%	20%
Academia	$151	2%	23%

(1) Includes companion diagnostic co-development revenues (H1 2017: $13 million, 6%) and U.S. HPV sales (H1 2017: $12 million, -21% , 2% of sales)

Molecular Diagnostics sales increased 2% and provided 47% of net sales in the first half of 2017, with adverse currency movements resulting in a loss of three percentage points of sales growth and the decline in U.S. HPV test sales resulting in a loss of one percentage points of sales growth compared to the first half of 2015. This growth was led by the QuantiFERON latent test sales as well as gains in the QIAsymphony automation system consumables with all regions contributing to this growth.

Applied Testing sales grew 14% and provided 10% of net sales in the first half of 2017 with adverse currency movements resulting in a loss of two percentage points of sales growth compared to the first half of 2016. Applied Testing advanced on solid growth led by Human ID / Forensics gains from new product launches in 2017 with all regions contributing to this solid growth.

Pharma sales increased 5% and provided 20% of net sales in the first half of 2017 with adverse currency movements resulting in a loss of three percentage points of sales growth compared to the first half of 2016. Pharma experienced growth in consumables which offset weaker instrument sales. Sales in the Americas and EMEA regions provided solid growth in the first six months of 2017.

Academia sales increased 2% and provided 23% of net sales in the first half of 2017 with adverse currency movements resulting in a loss of one percentage point of sales growth compared to the first half of 2016. Academia benefited from growth in both instruments and consumables and related revenues during the first six months of 2017.

Net sales by geographic region	First six months 2017		
	Sales (In $ m)	% change	% of sales
Americas	$305	3%	46%
Europe / Middle East / Africa	$212	2%	32%
Asia-Pacific / Japan	$138	10%	21%

Top 7 emerging markets: Brazil, Russia, India, China, South Korea, Mexico and Turkey (H1 2017: $102 million, +10%, 15% of sales)
H1 2017: Rest of world represented less than 1% of net sales.

All regions contributed to the improved performance in the first half of 2017 led by the Asia-Pacific region with 10% growth. The Americas grew at 3% when excluding adverse currency movements of one percentage point and an additional one percentage point of headwinds from lower U.S. HPV test sales. During the first half of 2017, the top seven emerging markets delivered 10% growth including three percentage points of adverse currency movements.

Gross Profit

Gross profit for the six-month period ended June 30, 2017, was $415.1 million (63% of net sales) as compared to $391.1 million (62% of net sales) for the same period in 2016. Generally, our consumables and related products have a higher gross margin than our instrumentation products and service arrangements. Fluctuations in the sales levels of these products and services can result in fluctuations in gross margin between periods. The 2017 growth in consumables contributed to the higher margin in the first half of 2017. Additionally, during the first half of 2016, we incurred incremental costs in connection with the relocation and centralization of the manufacturing of certain products to our European production site in Hilden, Germany and also in connection with the in-sourcing of the manufacturing of our QuantiFERON product to our U.S. production site in Germantown, Maryland. In the first half of 2017, the amortization expense on acquisition-related intangibles within cost of sales increased to $41.5 million compared to $39.8 million in the same period of 2016. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

Research and Development Expense

Research and development expenses decreased to $68.9 million (10% of net sales) in the first half of 2017, as compared to $79.4 million (13% of net sales) in the same period of 2016. Lower expense in 2017 reflects reduced personnel costs and efficiency savings in development following the restructuring program initiated in the fourth quarter of 2016 as well as related efforts to concentrate our research and development resources into the highest value creating programs. The reduction in expenses included $0.7 million reduction in costs as a result of forfeitures of share-based compensation. We continue to invest in research and development as we develop a range of upgrades and enhancements to the GeneReader NGS System to address new applications and market segments. We also plan to introduce additional cancer-related gene panels beyond the three panels already launched, with longer-term expansion of the NGS content menu beyond oncology. Research and development costs during the first half of 2017 also reflect our ongoing investments in our life sciences portfolio, as well as incremental costs due to acquisition of Exiqon in 2016.

As we continue to discover, develop and acquire new products and technologies, we expect to incur additional expenses related to facilities, licenses and employees engaged in research and development. Additionally, research and development costs are expected to increase as a result of seeking regulatory approvals, including U.S. FDA Pre-Market Approval (PMA), U.S. FDA 510(k) clearance and EU CE approval of certain assays or instruments. Further, business combinations, along with the acquisition of new technologies, may increase our research and development costs in the future. We have a strong commitment to innovation and expect to continue to make investments in our research and development efforts.

Sales and Marketing Expense

Sales and marketing expenses were $211.5 million (32% of net sales) for the six-month period ended June 30, 2017, from $211.6 million (33% of net sales) for the same period in 2016. The first half of 2017 includes $4.4 million in restructuring costs related to the internal restructuring activities discussed further in Note 4 which offset the efficiencies provided to date for this program. Additionally, compensation costs were lower in the first six months of 2016 following a reassessment of equity-based incentives which were contingent on performance criteria. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses, and other promotional expenses. We anticipate that sales and marketing costs will increase along with new product introductions and growth in sales of our products.

General and Administrative, Integration and Other Expense

During the six months ended June 30, 2017, we recorded general and administrative, integration and other expense of $82.1 million, as compared to $55.9 million for the same period in 2016. The increase in the six-month period ended June 30, 2017 compared to the same period of 2016 is due to $6.2 million in restructuring costs incurred as further discussed in Note 4 as well as $13.4 million in charges related to settlement of various litigations stemming from prior acquisitions as discussed in Note 14. Further, the six-month period ended June 30, 2016 includes a gain of $5.5 million in connection with the reduction in the fair value of contingent consideration as well as reduced share based compensation costs which were lower compared to 2017 following a reassessment of stock units with performance criteria. As we further integrate acquired companies and pursue opportunities to gain efficiencies, we expect to continue to incur additional business integration costs in 2017. Over time, we believe the integration activities will reduce expenses as we improve efficiency in the combined operations.

Financial Income (Expense)

For the six months ended June 30, 2017, financial income increased to $3.6 million from $3.0 million in the same period of 2016. Financial income includes interest earned on cash, cash equivalents and short term investments, income related to certain interest rate derivatives and other components including the interest portion of operating lease transactions.

Financial expense increased to $20.7 million in the six-month periods ended June 30, 2017, as compared to $18.7 million for the same period of 2016. Interest costs primarily relate to debt, discussed in Note 9 in the accompanying notes to the condensed consolidated financial statements.

Other Financial Income (Expense), net

For the six months ended June 30, 2017, other financial income (expense), net was $17.8 million expense compared to $89.5 million income in the same period of 2016. The fluctuation from prior year is primarily due to the period changes in the fair value of the Warrants derivative discussed in Note 7.

Provision for Income Taxes

Our effective tax rates differ from The Netherlands statutory tax rate of 25% due in part to our operating subsidiaries being exposed to effective tax rates ranging from zero 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. For the six-month periods ended June 30, 2017 and 2016, our effective tax rates were 6.1% and (1.7)%, respectively. During the six- month period ended June 30, 2016, we released $6.8 million of unrecognized tax benefits due to the closure of a tax audit or lapse of statute of limitations. Additionally, in 2017 and 2016, tax expense on foreign operations was favorably impacted by lower income tax rates and partial tax exemptions on foreign income primarily derived from operations in Germany, Singapore, Luxembourg, Ireland and Switzerland. These foreign tax benefits are due to a combination of favorable tax laws, rules, rulings, and exemptions in these jurisdictions. In particular, we have pre-tax income in Germany which is statutorily exempt from trade tax on intercompany foreign royalty income. Further, we have intercompany financing arrangements through Luxembourg and Ireland in which the intercompany income is partially exempt.

In future periods, our effective tax rate may fluctuate from similar or other factors as discussed in “Changes in tax laws or their application or the termination or reduction of certain government incentives, could adversely impact our overall effective tax rate, results of operations or financial flexibility" in Principle Risks and Uncertainties of the 2016 Annual Report.

Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt and private and public sales of equity. Our primary use of cash has been to support continuing operations and our investing activities, including capital expenditure requirements and acquisitions. As of June 30, 2017, and December 31, 2016, we had cash and cash equivalents of $542.8 million and $439.2 million, respectively. Cash and cash equivalents are primarily held in U.S. dollars and euros, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At June 30, 2017, cash and cash equivalents had increased by $103.7 million from December 31, 2016, primarily due to cash provided by operating activities of $137.3 million and cash provided by financing activities of $48.3 million partially offset by cash used in investing activities of $87.3 million. As of June 30, 2017 and December 31, 2016, we had working capital of $832.0 million and $707.6 million, respectively.

Operating Activities: For the six-months periods ended June 30, 2017 and 2016, we generated net cash from operating activities of $137.3 million and $150.1 million, respectively. While net income was $16.0 million in the six-months ended June 30, 2017, non-cash components in income included $116.6 million of depreciation and amortization. Operating cash flows include a net decrease in working capital of $35.4 million excluding changes in fair value of derivative instruments. The current period change in working capital is primarily due to decreased taxes payable and increased inventories which is partially offset by decreased accounts receivable. 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 $87.3 million of cash was used in investing activities during the six-months ended June 30, 2017, compared to $109.3 million for the same period in 2016. Investing activities during the six-months ended June 30, 2017 consisted principally of $36.2 million for purchases of available-for-sale assets and $9.1 million paid for purchases of property and equipment, as well as $47.0 million paid for intangible assets and $0.6 million paid for investments partially offset by $65.2 million from the proceeds of available-for-sale assets. Additionally, during 2017 cash paid for acquisitions, net of cash acquired, totaled $49.7 million.

Financing Activities: Financing activities provided $48.3 million of cash for the six-months ended June 30, 2017 compared to cash used of $5.0 million for the six-months ended June 30, 2016. Cash provided by financing activities during the six months ended June 30, 2017 consisted primarily of $300.2 million net cash proceeds from the June 2017 German private placement partially offset by the capital repayment of $243.9 million made to shareholders in connection with the January 2017 synthetic share buyback discussed in Note 12 "Equity." Cash used in other financing activities during the six months ended June 30, 2017 and 2016 consisted primarily of $3.0

million and $3.1 million payments made for contingent consideration together with $7.1 million and $2.4 million paid in connection with derivative collateral arrangements, respectively

Other Factors Affecting Liquidity and Capital Resources

In June 2017, we completed a German private placement of $301.2 million consisting of several tranches denominated in either U.S. dollars or Euro at either floating or fixed rates and due at various dates through June 2027.

In October 2016, we extended the maturity of our €400.0 million syndicated multi-currency revolving credit facility, which now has a contractual life until December 2021 of which no amounts were utilized at June 30, 2017. The facility can be utilized in euro, British pounds sterling, Swiss franc or U.S. dollar and bears interest of 0.4% to 1.20% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. We have additional credit lines totaling €36.6 million with no expiration date, none of which were utilized as of June 30, 2017.

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

In October 2012, we completed a U.S. private placement through the issuance of new senior unsecured notes at a total amount of $400 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73 million 7-year term due in 2019 (3.19%); (2) $300 million 10-year term due in 2022 (3.75%); and (3) $27 million 12-year term due in 2024 (3.90%).

We also have capital lease obligations, including interest, in the aggregate amount of $2.1 million, and carry $1.4 billion of non-current financial debt as of June 30, 2017.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $27.6 million based on the achievement of certain revenue and operating results milestones as follows: $15.5 million in the remainder of 2017, $5.1 million in 2019 and $7.0 million payable in any 12-month period from now through 2029 based on the accomplishment of certain revenue or diagnostic approval targets. Of the $27.6 million total contingent obligation, we have assessed the fair value at June 30, 2017 to be $10.1 million of which $4.1 million is included in other non-current liabilities and $6.0 million is included in other current liabilities in the accompanying condensed consolidated balance sheet.

In January 2017, we completed a synthetic share repurchase that combined a direct capital repayment with a consolidation of shares. The transaction was announced in August 2016 and involved an approach used by various large, multinational Dutch companies to provide returns to shareholders in a faster and more efficient manner than traditional open-market purchases. $243.9 million was repaid to shareholders through the transaction and the outstanding number of common shares was reduced by 8.9 million, or 3.7%. As discussed further in Note 12, the capital repayment program was completed in January 2017. We announced additional share repurchases to take place via the open market during the remainder of 2017, with a view to return an aggregate amount of $300 million to our shareholders.

Repurchased shares will be held in treasury in order to satisfy various obligations, which include the warrants issued in connection with the issuance of our Cash Convertible Notes and employee share-based remuneration plans.

We expect that cash from financing activities will continue to be impacted by issuances of our common shares in connection with our equity compensation plans and that the market performance of our stock will impact the timing and volume of the issuances. Additionally, we may make future acquisitions or investments requiring cash payments, the issuance of additional equity or debt financing.

We believe that funds from operations, existing cash and cash equivalents, together with the proceeds from our public and private sales of equity, and availability of financing facilities, will be sufficient to fund our planned operations and expansion during the coming year. However, any global economic downturn may have a greater impact on our business than currently expected, and we may experience a decrease in the sales of our products, which could impact our ability to generate cash. If our future cash flows from operations and other capital resources are not adequate to fund our liquidity needs, we may be required to obtain additional debt or equity financing or to reduce or delay our capital expenditures, acquisitions or research and development projects. If we could not obtain financing on a timely basis or at satisfactory terms, or implement timely reductions in our expenditures, our business could be adversely affected.

Quantitative and Qualitative Disclosures about Market Risk

Our market risk relates primarily to interest rate exposures on cash, marketable securities and borrowings and foreign currency exposures on intercompany and third-party transactions. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign currency exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or speculative purposes. Our exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from our exposure as discussed in our Annual Report for the year ended December 31, 2016.

Contractual Obligations

There were no material changes at June 30, 2017, from the contractual obligations disclosed in our Annual Report for the year ended December 31, 2016 other than the German private placement bond ("Schuldschein") issued in June 2017 as further discussed in Note 9 Financial Debts.

Legal Proceedings

For information on legal proceedings, see Note 14 to the accompanying condensed consolidated financial statements.

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

Principal risks and uncertainties

Our risk categories and risk factors which could have a material impact on our financial position and result are extensively described in QIAGEN's 2016 Annual Report. There have been no material changes from the risk factors disclosed in the 2016 Annual Report.

2017 Outlook

Based on the solid performance in the first half of the year, QIAGEN has upgraded its full-year 2017 guidance for adjusted net sales growth to approximately 7% using constant exchange rates (CER) (previously 6-7% CER). This includes about five to six percentage points of organic growth from the portfolio (including about one percentage point of headwind from reduced U.S. HPV test sales) and approximately one to two percentage point from the acquisitions of Exiqon (acquired in June 2016) and, to a lesser extent, OmicSoft (acquired in January 2017). QIAGEN also reaffirms its previous guidance for adjusted diluted EPS of about $1.25-1.27 CER per share based on operating and financial leverage, which includes benefits from completion of the $300 million share repurchase commitment by the end of 2017 and efficiency actions initiated in 2016, but excludes $0.07 per share of restructuring costs expected for 2017. Based on exchange rates as of July 25, 2017, currency movements against the U.S. dollar are expected to have an adverse impact on results of about up to one percentage point on full-year 2017 adjusted net sales, and about $0.02 per share on adjusted diluted EPS. These expectations do not take into account any further acquisitions that could be completed in 2017.

Signatures

Venlo, August 11, 2017

QIAGEN N.V.

/s/ Peer M. Schatz	/s/ Roland Sackers
Peer M. Schatz	Roland Sackers
CEO	CFO