QIAGEN N.V.
Venlo, The Netherlands

Interim Financial Report

June 30, 2014

(unaudited)

QIAGEN N.V.

CONDENSED FINANCIAL REPORT PERIOD ENDED JUNE 30, 2014

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QIAGEN N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	Note	June 30, 2014 (unaudited)	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents		$ 420,332	$ 330,962
Current available-for-sale financial instruments	**(5)**	235,834	49,923
Trade accounts receivable		248,253	259,710
Income taxes receivable		49,527	46,874
Inventories	**(11)**	135,779	128,097
Prepaid expenses and other current assets		54,673	45,732
Total current assets		**1,144,398**	**861,298**
Non-current assets:			
Property, plant and equipment		407,881	395,834
Goodwill	**(6)**	1,907,359	1,880,490
Other intangible assets	**(6)**	851,872	875,571
Investments in associates		22,784	25,018
Non-current available-for-sale financial instruments	**(5)**	20,847	15,376
Deferred tax assets		9,275	8,257
Other non-current assets	**(7)**	188,263	29,662
Total non-current assets		**3,408,281**	**3,230,208**
Total assets		**$ 4,552,679**	**$ 4,091,506**

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, 2014	December 31, 2013
		(unaudited)	
Liabilities and equity			
Current liabilities:			
Current financial debts	(9)	$ 410	$ 207
Trade and other accounts payable		44,183	50,869
Provisions		5,776	9,338
Income tax payable		31,838	38,120
Other current liabilities		193,243	236,715
Total current liabilities		**275,450**	**335,249**
Non-current liabilities:			
Non-current financial debts	(9)	1,162,435	845,276
Deferred tax liabilities		75,757	85,624
Other non-current liabilities	(7)	346,313	38,433
Total non-current liabilities		**1,584,505**	**969,333**
Equity:			
Preference shares, 0.01 EUR par value, authorized—450,000 shares, no shares issued and outstanding		—	—
Financing preference shares, 0.01 EUR par value, authorized—40,000 shares, no shares issued and outstanding		—	—
Common Shares, 0.01 EUR par value, authorized—410,000 shares, issued—239,707 shares in 2014 and in 2013		2,812	2,812
Share premium		1,926,940	1,960,465
Retained earnings		886,411	929,595
Reserves		18,404	1,126
Less treasury shares at cost— 7,038 and 5,817 shares in 2014 and in 2013, respectively	(12)	(150,853)	(116,613)
Equity attributable to the owners of QIAGEN N.V.		**2,683,714**	**2,777,385**
Non-controlling interest		9,010	9,539
Total equity		**2,692,724**	**2,786,924**
Total liabilities and equity		**$ 4,552,679**	**$ 4,091,506**

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

QIAGEN N.V.

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

	Note	Six months ended June 30, 2014	Six months ended June 30, 2013
		(unaudited)	
Net sales		**$ 647,910**	**$ 618,788**
Cost of sales		**(228,229)**	(250,384)
Gross profit		**419,681**	**368,404**
Operating expenses:			
Other operating income		**1,823**	8,089
Research and development expense		**(76,862)**	(65,395)
Sales and marketing expense		**(203,192)**	(201,186)
General and administrative, restructuring, integration and other expense	**(4)**	**(55,501)**	(123,265)
Other operating (expense)		**(4,921)**	(9,687)
Total operating expenses		**(338,653)**	**(391,444)**
Income (loss) from operations		**81,028**	**(23,040)**
Financial income		**3,189**	2,522
Financial expense		**(16,961)**	(19,866)
Foreign currency (losses), net		**1,878**	(930)
Gain from investments in associates		**1,073**	957
Other (expense) income, net	**(5), (7)**	**(84,869)**	(3,444)
(Loss) income before income taxes		**(14,662)**	**(43,801)**
Income taxes		**2,998**	(13,057)
Net (loss) income		**$ (11,664)**	**$ (56,858)**
- attributable to non-controlling interest		**$ 237**	$ 113
- attributable to the owners of QIAGEN N.V.		**$ (11,901)**	$ (56,971)
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.		**$ (0.05)**	$ (0.24)
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.		**$ (0.05)**	$ (0.24)
Weighted average shares outstanding (in thousands)			
Basic		**232,709**	**233,699**
Diluted		**232,709**	**233,699**

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

QIAGEN N.V.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Note	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
		(unaudited)	
Net (loss) income		**$ (11,664)**	**$ (56,858)**
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation adjustments, before tax		16,805	(71,305)
Other comprehensive income (loss), before tax		**16,805**	**(71,305)**
Income tax relating to components of other comprehensive income (loss)		9	(1,716)
Total other comprehensive income (loss), after tax		16,814	(73,021)
Total comprehensive income (loss)		**$ 5,150**	**$ (129,879)**
- attributable to non-controlling interest		(227)	331
- attributable to the owners of QIAGEN N.V.		5,377	(130,210)

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, 2014	2013
		(unaudited)	
Net loss		$ (11,664)	$ (56,858)
Adjustments to reconcile net loss to net cash provided by operating activities net of effects of businesses acquired:			
Depreciation and amortization		104,622	101,731
Non-cash impairments		1,200	57,167
Non-cash impacts from convertible notes		—	4,358
Deferred income taxes		(8,907)	(20,526)
Share based compensation	(15)	20,274	21,424
Other non-cash items		88,173	5,048
Net changes in other operating assets and liabilities:			
Accounts receivable		13,095	(2,599)
Inventories		(14,167)	(18,599)
Income tax receivables		(2,930)	(4,884)
Other assets		(60,419)	(20,515)
Accounts payable		(7,726)	(11,780)
Accrued and other liabilities		2,734	13,672
Income tax payables		144	37,305
Net cash provided by operating activities		**124,429**	**104,944**
Purchases of property, plant and equipment		(38,725)	(33,695)
Purchases of intangible assets		(8,923)	(15,663)
Capitalization of development expenses		(1,248)	(8,079)
Proceeds from sale of equipment		—	40
Sale of available-for-sale assets		20,000	15,859
Purchase of short-term investments		(206,131)	—
Purchase of investments		(6,684)	(4,136)
Cash paid for acquisitions, net of cash acquired		(41,715)	(102,395)
Other investing activities		3,348	2,394
Net cash used in investing activities		**(280,078)**	**(145,675)**
Proceeds from long-term debt	(9)	718,569	—
Repayment of long-term debt	(9)	(371,895)	(633)
Purchase of call option related to cash convertible notes	(9)	(105,170)	—
Proceeds from issuance of warrants	(9)	68,900	—
Principal payments on finance leases		(2,267)	(2,010)
Proceeds from issuance of common shares		8,324	18,053
Purchase of treasury shares	(12)	(77,748)	(63,340)
Other financing activities		3,599	(616)
Net cash provided by (used in) financing activities		**242,312**	**(48,546)**
Effect of exchange rate changes on cash and cash equivalents		2,707	(5,108)
Net increase (decrease) in cash and cash equivalents		89,370	(94,385)
Cash and cash equivalents, beginning of period		330,962	394,702
Cash and cash equivalents, end of period		$ 420,332	$ 300,317

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	Foreign currency translation	Reserves	Treasury Shares: Shares	Treasury Shares: Amount	Equity attributable to the owners of QIAGEN N.V.	Non-controlling interest	Total equity
BALANCE AT JANUARY 1, 2013		236,487	$ 2,769	$1,884,547	$ 883,655	$ 49,113	$ 49,113	(1,943)	$ (35,653)	$ 2,784,431	$ 9,659	$ 2,794,090
Net (loss) income		—	—	—	(56,971)	—	—	—	—	(56,971)	113	(56,858)
Other comprehensive (loss) income		—	—	—	—	(73,239)	(73,239)	—	—	(73,239)	218	(73,021)
Total comprehensive (loss) income		—	—	—	(56,971)	(73,239)	(73,239)	—	—	(130,210)	331	(129,879)
Purchase of treasury shares		—	—	—	—	—	—	(3,128)	(63,340)	(63,340)	—	(63,340)
Tax benefit of employee stock plans		—	—	2,306	—	—	—	—	—	2,306	—	2,306
Share-based payments		—	—	21,424	—	—	—	—	—	21,424	—	21,424
Employee stock plans		2,924	39	18,014	—	—	—	—	—	18,053	—	18,053
Acquisition of Ipsogen S.A. shares from non-controlling interests		—	—	—	—	—	—	—	—	—	(462)	(462)
BALANCE AT JUNE 30, 2013		239,411	$ 2,808	$1,926,291	$ 826,684	$ (24,126)	$ (24,126)	(5,071)	$ (98,993)	$ 2,632,664	$ 9,528	$ 2,642,192
BALANCE AT JANUARY 1, 2014		**239,707**	**$ 2,812**	**$1,960,465**	**$ 929,595**	**$ 1,126**	**$ 1,126**	**(5,817)**	**$ (116,613)**	**$ 2,777,385**	**$ 9,539**	**$ 2,786,924**
Net (loss) income		**—**	**—**	**—**	**(11,901)**	**—**	**—**	**—**	**—**	**(11,901)**	**237**	**(11,664)**
Other comprehensive (loss) income		**—**	**—**	**—**		**17,278**	**17,278**	**—**	**—**	**17,278**	**(464)**	**16,814**
Total comprehensive (loss) income		**—**	**—**	**—**	**(11,901)**	**17,278**	**17,278**	**—**	**—**	**5,377**	**(227)**	**5,150**
Purchase of treasury shares	**(12)**	**—**	**—**	**—**	**—**	**—**	**—**	**(3,440)**	**(77,748)**	**(77,748)**	**—**	**(77,748)**
Redemption of convertible debt	**(9)**	**—**	**—**	**(60,582)**	**—**	**—**	**—**	**—**	**—**	**(60,582)**	**—**	**(60,582)**
Issuance of shares under convertible debt	**(9)**	**—**	**—**	**—**	**(490)**	**—**	**—**	**195**	**4,391**	**3,901**	**—**	**3,901**
Tax benefit of employee stock plans		**—**	**—**	**6,783**	**—**	**—**	**—**	**—**	**—**	**6,783**	**—**	**6,783**
Share-based payments	**(15)**	**—**	**—**	**20,274**	**—**	**—**	**—**	**—**	**—**	**20,274**	**—**	**20,274**
Employee stock plans		**—**	**—**	**—**	**(30,793)**	**—**	**—**	**2,024**	**39,117**	**8,324**	**—**	**8,324**
Acquisition of Ipsogen S.A. shares from non-controlling interests	**(3)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(302)**	**(302)**
BALANCE AT JUNE 30, 2014		**239,707**	**$ 2,812**	**$1,926,940**	**$ 886,411**	**$ 18,404**	**$ 18,404**	**(7,038)**	**$ (150,853)**	**$ 2,683,714**	**$ 9,010**	**$ 2,692,724**

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, 2014 (unaudited)

1. Corporate Information

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with a registered office at Spoorstraat 50, Venlo, The Netherlands. QIAGEN N.V. as the holding company and Subsidiaries ('the Company', 'Group', 'we' or 'QIAGEN') is a leading provider of innovative Sample and Assay Technologies. These technologies—consumable products such as sample and assay kits and automated instrumentation systems—empower customers to transform raw biological samples into valuable molecular information. We serve four major customer classes: Molecular Diagnostics laboratories; Applied Testing customers in fields such as forensics, veterinary diagnostics and food safety; Pharmaceutical research and development groups, and Academic researchers. We market our products in more than 100 countries.

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 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, 2013.

On April 3, 2014, we acquired BIOBASE, located in Wolfenbüttel, Germany. On April 29, 2013, we acquired Ingenuity Systems, Inc. (Ingenuity), located in Redwood City, California and on August 22, 2013 we acquired CLC bio (CLC), located in Aarhus, Denmark. Accordingly, at the acquisition dates, all of the assets acquired and liabilities assumed were recorded at their respective fair values and our consolidated results of operations include the operating results of the acquired companies as of the acquisition dates.

The interim condensed consolidated financial statements of QIAGEN N.V. for the six-months ended June 30, 2014 were authorized for issue by the Supervisory Board on August 21, 2014. 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, 2013 including the adoption of new standards and interpretations as of January 1, 2014.

Adoption of New and Amended Standards and Interpretations

The new accounting policies adopted in 2014 did not have a material impact to the Consolidated Financial Statements.

- IAS 32, *'Financial instruments: Presentation: Offsetting financial assets and financial liabilities'*, effective January 1, 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The adoption did not have an effect on our financial position, results of operations or cash flows.

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

New and amended standards and interpretations not yet adopted:

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

IFRS 15, '*Revenue from Contracts wtih Customers'* affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). An entity should apply IFRS 15 either retrospectively to each prior reporting period presented and the entity may elect certain practical expedients; or, retrospectively with the cumulative effect of initially applying IFRS 15 recognized at the date of initial application. IFRS 15 will be effective for our annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. We are currently evaluating the impact on our financial position, results of operations or cash flows.

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 reporting unit. With revenues derived from our entire product and service offerings, it is not practicable to provide a detail of revenues for each group of similar products and services or for each customer group, as 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, 2013.

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.

2014 Acquisitions

During the first half of 2014, we completed three acquisitions which individually were not significant to the overall consolidated financial statements. The cash paid for these acquisitions, net of cash acquired, totaled $41.7 million. Each of these acquisitions individually did not have a material impact to net sales, net income or earnings per share and therefore no pro forma information has been provided herein.

2013 Acquisition

On April 29, 2013, we acquired 100% of the outstanding common shares of Ingenuity Systems, Inc. (Ingenuity), a leading provider of software solutions that efficiently and accurately analyze and interpret the biological meaning of genomic data. The cash consideration totaled $106.9 million of which $10.0 million was retained in an escrow account as of June 30, 2014 to cover any claims for breach of any representations, warranties or indemnities. The acquisition of Ingenuity did not have a material impact to net sales, net income or earnings per share and therefore no proforma information has been provided herein.

The final purchase price allocation for Ingenuity did not differ from the preliminary estimates other than the decrease of approximately $0.1 million of purchase consideration, $3.0 million increase of long-term deferred tax asset, $4.1 million increase of long-term deferred tax liability and an additional $0.3 million increase of other opening balance sheet adjustments. The corresponding impact for these adjustments was an increase to goodwill of $0.7 million. These changes to arrive at the final purchase price allocation were not material to the consolidated financial statements. The final purchase price allocation for Ingenuity is as follows:

(in thousands)	Ingenuity Systems acquisition
Purchase Price:	
Cash consideration	$ 106,932
	$ 106,932
Allocation:	
Cash and cash equivalents	$ 4,449
Accounts receivable	2,018
Prepaid and other current assets	1,834
Current deferred tax asset	3,126
Fixed and other long-term assets	2,648
Long-term deferred tax asset	13,203
Accounts payable	(2,662)
Accruals and other current liabilities	(14,558)
Liabilities assumed	(557)
Developed technology, licenses and know-how	37,903
Tradenames	3,359
In-process research and development	2,069
Customer relationships	1,023
Goodwill	69,479
Deferred tax liability on fair value of identifiable intangible assets acquired	(16,402)
	$ 106,932

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

Other Acquisitions

During 2011, we acquired a majority shareholding in QIAGEN Marseille S.A., formerly Ipsogen S.A. (Marseille), a publicly listed company founded and based in Marseille, France. During 2014, we acquired additional Marseille shares for a total of $0.3 million and held 90.25% of the Marseille shares as of June 30, 2014.

4. Restructuring

Late in 2011, we began a project to enhance productivity by streamlining the organization and reallocating resources to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project aims to eliminate organizational layers and overlapping structures, actions that we expect will enhance our processes, speed and productivity. The last group of initiatives included actions to focus R&D activities on higher-growth areas in all customer classes, concentrate operations at fewer sites, and realign sales and regional marketing teams in the U.S. and Europe to better address customer needs in a more streamlined manner across the continuum from basic research to translational medicine and clinical diagnostics. Restructuring charges were recorded in 2013 as part of this transformational project. In the first half of 2013, we recorded pretax charges of $65.1 million in general, administrative, restructuring and other. The pretax charges consist of $15.3 million for personnel related costs, $26.2 million of impairments, $2.1 million for contract termination costs, and $21.5 million of other costs including consulting costs. Additionally, we recorded $36.9 million in cost of sales which includes $25.2 million of fixed and intangible asset impairments, $6.7 million for contract termination costs, $3.0 million for the write off of inventory, and $2.0 million for personnel costs. No additional costs were incurred in 2014.

The following table summarizes the components of the restructuring costs. At June 30, 2014 and December 31, 2013, restructuring accruals of $2.3 million and $10.6 million, respectively, were included in accrued and other liabilities in the accompanying condensed consolidated balance sheets.

(in thousands)	Personnel Related	Facility Related	Contract and Other Costs	Total
Balance at December 31, 2013	$ 9,782	$ 313	$ 511	$ 10,606
Payments	(6,114)	(313)	(38)	(6,465)
Release of excess accrual	(1,787)	—	—	(1,787)
Foreign currency translation adjustment	(40)	—	—	(40)
Balance at June 30, 2014	**$ 1,841**	**$ —**	**$ 473**	**$ 2,314**

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

5. Available for Sale Financial Instruments

Current Available for Sale Financial Instruments

At June 30, 2014 and December 31, 2013, we had €75.0 million ($102.4 million) and $125.0 million (total $227.4 million as of June 30, 2014) and €30.0 million ($41.4 million as of December 31, 2013), respectively, of commercial paper and loan note receivables due from corporates and financial institutions. The investments in commercial paper are carried at cost plus accrued interest and have fixed rates of maturity with maturity dates throughout 2014. The loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are carried at fair market value, which is equal to the cost. At June 30, 2014, these loans mature at various dates through 2015. At December 31, 2013, these investments consisted of loan note receivables of €15.0 million which matured in 2014 and €15.0 million which mature in 2015. The increase in in the current available for sale financial instruments reflects the investment of cash received from the Cash Convertible Notes issued in March 2014, as discussed in Note 9. All of these instruments can be redeemed within twelve months and are therefore classified as current assets in the accompanying consolidated balance sheets.

At both June 30, 2014 and December 31, 2013, we also had €6.2 million ($8.5 million) in term deposits with final maturities until December 2017. The deposits can be withdrawn at the end of each quarter without penalty and are therefore classified as current assets in the accompanying consolidated balance sheets.

Non-current Available for Sale Financial Instruments

As of June 30, 2014 and December 31, 2013, we had a total of cost-method investments in non-publicly traded companies with carrying amounts of $20.8 million and $15.4 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, 2014, we made new investments totaling $6.7 million and we recorded an impairment of a cost method investment of $1.2 million in research and development expense.

6. Intangible Assets

The changes in intangibles assets in 2014 are summarized as follows:

(in thousands)		Other Intangible Assets		Goodwill
Balance at December 31, 2013	$	875,571	$	1,880,490
Additions		10,171		—
Purchase adjustments		—		656
Acquisition		35,897		16,057
Amortization		(70,767)		—
Disposal losses		(1,795)		—
Foreign currency translation adjustments		2,795		10,156
Balance at June 30, 2014	$	851,872	$	1,907,359

Cash paid for purchases of intangible assets during the six-months ended June 30, 2014 totaled $8.9 million. Additionally, during the six-months ended June 30, 2014, we capitalized $1.2 million of development expenses.

The changes in the carrying amount of goodwill for the six-months ended June 30, 2014 resulted primarily from the current year acquisitions discussed in Note 3 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 variable rate debt. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. We do not offset the fair value of derivative instruments with cash collateral held or received from the same counterparty under a master netting arrangement. As of June 30, 2014 we did not have any derivatives that were accounted for as hedging instruments.

Call Spread Overlay

We entered into Call Options 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 $69.4 million from the sale of the Warrants, for a net cash outlay of $35.8 million for the Call Spread Overlay. The Call Options are 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 3 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, 2014 was approximately $158.9 million.

The Warrants represent approximately 25.8 million shares of our common stock (subject to antidilution adjustments under certain circumstances) with an initial exercise price of $32.085 per share, subject to customary adjustments. The net proceeds from the sale of the Warrants of approximately $69.4 million are included as other non-current liabilities in the accompanying balance sheet as of June 30, 2014. 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 changes in fair value of the Call Options and Warrants are recognized immediately in our Consolidated Statements of Income (Loss) in other (expense) income, net. For the six months ended June 30, 2014, the change in the fair value of the Call Options resulted in gains of $53.8 million. 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 partially offset each other. For the six months ended June 30, 2014, the change in the fair value of the Warrants resulted in losses of $68.4 million.

Cash Convertible Notes Embedded Cash Conversion Options

The embedded cash conversion options within the Cash Convertible Notes are required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our Consolidated Statements of Income (Loss) in other (expense) income, net until the cash conversion options settle or expire. For further discussion of the Cash Convertible Notes, refer to Note 9 “Financial Debts”. 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 options are measured and reported at fair value on a recurring basis, within Level 3 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the embedded cash conversion options, refer to Note 8, “Fair Value Measurements.” The fair value of the embedded cash conversion options at June 30, 2014 was approximately $160.2 million. For the six months ended June 30, 2014, the change in the fair value of the embedded cash conversion options resulted in losses of $55.0 million.

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, 2014, an aggregate notional value of approximately $855.9 million and fair value of $2.9 million included in prepaid and other current assets and $3.4 million included in other current liabilities, respectively, and which expire at various dates through October 2015.

We were party to various foreign exchange forward and swap arrangements which had, at December 31, 2013, an aggregate notional value of approximately $842.1 million and fair values of $2.5 million and $14.5 million which are included in other assets and other liabilities, respectively, and which expired at various dates through April 2014. The transactions were entered into to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements were recognized in other (expense) income, net.

Fair Values of Derivative Instruments

The following table summarizes the fair value amounts of derivative instruments reported in the condensed consolidated balance sheets as of June 30, 2014 and December 31, 2013:

(in thousands)	Derivatives in Asset Positions Fair value 6/30/2014	Derivatives in Asset Positions Fair value 12/31/2013	Derivatives in Liability Positions Fair value 6/30/2014	Derivatives in Liability Positions Fair value 12/31/2013
Undesignated derivative instruments				
Call spread overlay	**$ 158,926**	$ —	**$ (137,851)**	$ —
Cash conversion options	**—**	—	**(160,206)**	—
Foreign exchange contracts	**2,905**	2,533	**(3,448)**	(14,518)
Total derivative instruments	**$ 161,831**	$ 2,533	**$ (301,505)**	$ (14,518)

Gains and Losses on Derivative Instruments

The following tables summarize the locations and gains and losses on derivative instruments for six months ended June 30, 2014 and 2013:

Six months ended June 30, 2014 (in thousands)	Gain/(loss) recognized in equity	Location of (gain) loss in income statement	(Gain) loss reclassified from equity into income	Gain (loss) recognized in income
Undesignated derivative instruments				
Call spread overlay	n/a	Other (expense) income, net	n/a	$ (1,280)
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	7,439
				$ 6,159

Six months ended June 30, 2013 (in thousands)	Gain/(loss) recognized in equity	Location of (gain) loss in income statement	(Gain) loss reclassified from equity into income	Gain (loss) recognized in income
Undesignated derivative instruments				
Foreign exchange contracts	$ —	Other (expense) income, net	$ —	$ 6,333

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 the following hierarchy which prioritizes the inputs used in measuring fair value as follows:

- *Level 1,* Observable inputs, such as quoted prices in active markets;
- *Level 2,* Inputs, other than the quoted price in active markets, that are observable either directly or indirectly; and
- *Level 3,* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Our assets and liabilities measured at fair value on a recurring basis consist of short-term investments, which are classified in Level 1 and Level 2 of the fair value hierarchy, derivative contracts used to hedge currency and interest rate risk, which are classified in Level 2 of the fair value hierarchy, and contingent consideration accruals and derivative financial instruments entered into in connection with the Cash Convertible Notes discussed in Note 7, which are classified in Level 3 of the fair value hierarchy, and are shown in the tables below.

In determining fair value for Level 2 instruments, we apply a market approach, using quoted active market prices relevant to the particular instrument under valuation, giving consideration to the credit risk of both the respective counterparty to the contract and the Company. To determine our credit risk we estimated our credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, our credit risk was quantified by reference to publicly-traded debt with a corresponding rating.

Our Level 3 instruments include contingent consideration liabilities and derivative financial instruments. We value contingent consideration liabilities using unobservable inputs, applying the income approach, such as the discounted cash flow technique, or the probability-weighted scenario method. Contingent consideration arrangements obligate us to pay the sellers of an acquired entity if specified future events occur or conditions are met such as the achievement of technological or revenue milestones. We use various key assumptions, such as the probability of achievement of the milestones and the discount rate, to represent the non-performing risk factors and time value when applying the income approach. We regularly review the fair value of the contingent consideration, and reflect any change in the accrual in the consolidated statements of income in the line items commensurate with the underlying nature of milestone arrangements. The Level 3 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", for further information. The derivatives are not actively traded and are valued based on an option pricing model that uses observable and unobservable market data for inputs. Significant market data inputs used to determine fair values as of June 30, 2014 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.

As of June 30, 2014, we held the following financial instruments carried at fair value on the condensed consolidated balance sheet:

(in thousands)	Level 1	Level 2	Level 3	June 30, 2014
Current available-for-sale financial assets	$ 8,468	$ 227,366	$ —	**$ 235,834**
Call Option	—	—	158,926	**158,926**
Foreign exchange contracts, undesignated	—	2,905	—	**2,905**
Assets	**$ 8,468**	**$ 230,271**	**$ 158,926**	**$ 397,665**
Foreign exchange contracts, undesignated	$ —	$ (3,448)	$ —	**$ (3,448)**
Cash Conversion Option	—	—	(160,206)	**(160,206)**
Warrants	—	—	(137,851)	**(137,851)**
Contingent consideration	—	—	(5,012)	**(5,012)**
Liabilities	**$ —**	**$ (3,448)**	**$ (303,069)**	**$ (306,517)**

As of December 31, 2013, we held the following financial instruments carried at fair value on the condensed consolidated balance sheet:

(in thousands)	Level 1	Level 2	Level 3	December 31, 2013
Available-for-sale financial instruments, current	$ 8,550	$ 41,373	$ —	**$ 49,923**
Foreign exchange contracts, undesignated	—	2,533	—	**2,533**
Assets	**$ 8,550**	**$ 43,906**	**$ —**	**$ 52,456**
Foreign exchange contracts, undesignated	$ —	$ (14,518)	$ —	**$ (14,518)**
Contingent consideration	—	—	(6,127)	**(6,127)**
Liabilities	**$ —**	**$ (14,518)**	**$ (6,127)**	**$ (20,645)**

For financial liabilities with Level 3 inputs, the following table summarizes the activity for the six-months ended June 30, 2014.

(in thousands)	Call Options	Cash Conversion Option	Warrants	Contingent Consideration
Beginning Balance at January 1st, 2014	**$ —**	**$ —**	**$ —**	**$ (6,127)**
Additions from changes in estimates	**105,170**	**(105,170)**	**(69,419)**	**(56)**
Payments	**—**	**—**	**—**	**—**
Gain (loss) included in earnings	**53,756**	**(55,036)**	**(68,432)**	**1,165**
Foreign currency translation adjustments	**—**	**—**	**—**	**6**
Ending balance at June 30, 2014	**$ 158,926**	**$ (160,206)**	**$ (137,851)**	**$ (5,012)**

Changes in the fair value of the Call Options, Cash Conversion Option and Warrants were recognized in other (expense) income, net. During 2014, the gain for the reduction in the fair value of contingent consideration totaling $1.2 million is included in the condensed consolidated statement of income of which $1.1 million was recognized in cost of sales and $0.1 million was recognized in general and administrative, restructuring, integration and other.

The carrying values of financial instruments, including cash and equivalents, accounts receivable, accounts payable and other accrued liabilities, approximate their fair values due to their short-term maturities. The estimated fair value of long-term debt as disclosed in Note 9 was based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future. There were no fair value adjustments in the six-month periods ended June 30, 2014 and 2013 for assets or liabilities required to be measured at fair value on a nonrecurring basis other than the impairment of a cost-method investment as discussed in Note 5, "Investments".

9. Financial Debts

Our credit facilities available at June 30, 2014 total €438.0 million (approximately $598.2 million). This includes a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at June 30, 2014 or at December 31, 2013, and four other lines of credit amounting to €38.0 million with no expiration date, none of which were utilized as of June 30, 2014 or at December 31, 2013. The €400.0 million facility can be utilized in euro, U.K pound or U.S. dollar and bears interest of 0.8% to 2.35% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. The commitment fee is calculated based on 35% of the applicable margin. 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, 2014. The credit facilities are for general corporate purposes.

At June 30, 2014, total long-term debt was approximately $1.2 billion, of which $0.4 million is current. We believe that funds from operations, existing cash and cash equivalents, and availability of financing facilities as needed, will be sufficient to fund our debt repayments coming due in the next twelve months.

Total non-current financial debt consists of the following:

(in thousands)	June 30, 2014	December 31, 2013
3.25% Convertible Note due 2024	$ 145,000	$ 145,000
1.5% Convertible Note due 2026	—	300,000
3.19% Series A Senior Notes due 2019	73,000	73,000
3.75% Series B Senior Notes due 2022	300,000	300,000
3.90% Series C Senior Notes due 2024	27,000	27,000
0.375% Senior Unsecured Cash Convertible Notes due 2019	373,920	—
0.875% Senior Unsecured Cash Convertible Notes due 2021	242,968	—
Other notes payable bearing interest up to 6.28% and due through 2015	957	483
Total current and non-current financial debts	**1,162,845**	**845,483**
Less: current portion of financial debts	410	207
Total non-current financial debts	**$ 1,162,435**	**$ 845,276**

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

The Cash Convertible Notes are convertible only into cash, and not into shares of our common stock or any other securities. 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.

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

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

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

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

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

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

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, 2014, we expect the 2019 Notes to be outstanding until their 2019 maturity date and the 2021 Notes to be outstanding until their 2021 maturity date, for remaining amortization periods of approximately five and seven years, respectively. The Cash Convertible Notes’ if-converted value did not exceed their principal amount as of June 30, 2014.

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 recorded against the liability and will be 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,	
Six months ended June 30, (in thousands)	**2014**	**2013**
Coupon interest	**$ 1,189**	$ —
Amortization of original issuance discount	**4,576**	—
Amortization of debt issuance costs	**605**	—
Total interest expense related to the Cash Convertible Notes	**$ 6,370**	$ —

Cash Convertible Notes Call Spread Overlay

Concurrent with the issuance of the Cash Convertible Notes, we entered into privately negotiated hedge transactions (Call Options) with, and issued warrants to purchase shares of our common stock (Warrants) to, certain financial institutions. We refer to the Call Options and Warrants collectively as the “Call Spread Overlay”. The Call Options are intended to offset any cash payments payable by us in excess of the principal amount due upon any conversion of the Cash Convertible Notes. We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay for the Call Options, and simultaneously received $69.4 million from the sale of the Warrants, for a net cash outlay of $35.8 million for the Call Spread Overlay. The Warrants represent approximately 25.8 million shares of our common stock (subject to antidilution adjustments under certain circumstances) with an initial exercise price of $32.085 per share, subject to customary adjustments. The net proceeds from the sale of the Warrants of approximately $69.4 million are included as other non-current liabilities in the accompanying balance sheet as of June 30, 2014. 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 Call Options and Warrants are derivative financial instruments and is discussed further in Note 7, "Derivatives."

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

The Warrants cover an aggregate of 25.8 million shares of our common stock (subject to anti-dilution adjustments under certain circumstances) and have an initial exercise price of $32.085 per share, subject to customary adjustments. The Warrants expire as follows: Warrants to purchase 15.2 million shares expire over a period of 50 trading days beginning on December 27, 2018 and Warrants to purchase 10.6 million shares expire over a period of 50 trading days beginning on December 29, 2020. The Warrants are European-style (exercisable only upon expiration). The Warrants could have a dilutive effect to the extent that the price of our common stock exceeds the applicable strike price of the Warrants. For each Warrant that is exercised, we will deliver to the holder a number of shares of our common stock equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. We will not receive any additional proceeds if the Warrants are exercised.

Private Placement
In October 2012, we completed a private placement through the issuance of new senior unsecured notes at a total amount of $400 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73 million 7-year term due in 2019 (3.19%); (2) $300 million 10-year term due in 2022 (3.75%); and (3) $27 million 12-year term due in 2024 (3.90%). We paid $2.1 million in debt issue costs which are being amortized through interest expense over the lifetime of the notes. The note purchase agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on priority indebtedness and the maintenance of certain financial ratios. We were in compliance with these covenants at June 30, 2014. Based on an estimation using the changes in the U.S. Treasury rates, the fair value of these senior notes at June 30, 2014 was approximately $387.1 million.

With reference to the detailed disclosure in the Annual Report 2013 and based on an estimation using available over-the-counter market information on the convertible bonds, the fair value of the convertible bond issued by QIAGEN Finance (Luxembourg) S.A., at June 30, 2014 and December 31, 2013 was approximately $278.5 million and $267.5 million, respectively. The effective interest rate of the Notes amounts to 1.5%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

2004 Convertible Notes
In August 2004, the Company completed the sale of $150.0 million principal amount of 1.50% convertible unsubordinated notes (2004 Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the 2004 Notes is payable semi-annually in February and August. The 2004 Notes were issued at 100% of principal value, and are convertible into 11.5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection with the conversion of $5.0 million of the 2004 Notes. The 2004 Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the 2004 Notes may require QIAGEN to repurchase all or a portion of the outstanding 2004 Notes for 100% of the principal amount, plus accrued interest, on August 18, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Finance (Luxembourg) S.A., the fair value of the 2004 Notes at June 30, 2014, was approximately $278.5 million (2013: $267.5 million). The effective interest rate of the 2004 Notes amounts to 1.5%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

2006 Convertible Notes

In May 2006, the Company completed the sale of $300.0 million principal amount of 3.25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes was payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and were convertible into 15.0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. In March 2014, we redeemed the 98% of the 2006 Notes for $372.5 million, and recognized a loss on the redemption of $11.9 million in other (expense) income, net. During the second quarter of 2014, we issued 0.2 million common shares for in exchange for $3.9 million upon the conversion of the remaining 2006 Notes.

Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2013, was approximately $381.9 million. The effective interest rate of the Notes amounts to 6.4%. The Company has reserved 15.0 million of common stock for issuance in the event of conversion.

10. Income Taxes

The provision for income taxes is based upon the estimated annual effective tax rates for the year applied to the current period income before tax plus the tax effect of any significant unusual items, discrete events or changes in tax law. Our operating subsidiaries are exposed to effective tax rates ranging from zero to approximately 42%. Fluctuations in the distribution of pre-tax income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the condensed consolidated financial statements. In the six-month periods ended June 30, 2014 and 2013, the effective tax rates were 20.4% and (30.0)%. Our negative rates in 2013 are primarily the result of restructuring charges and impairments which are attributable to higher taxed jurisdictions

We conduct business globally and, as a result, file numerous consolidated and separate income tax returns in The Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. Our subsidiaries are generally no longer subject to income tax examinations by tax authorities for years before 2008.

As of June 30, 2014, residual Netherlands income taxes have not been provided on the undistributed earnings of the majority of our foreign subsidiaries as these earnings are considered to be either permanently reinvested or can be repatriated tax free.

11. Inventories

The components of inventories consist of the following as of June 30, 2014 and December 31, 2013:

(in thousands)	June 30, 2014	December 31, 2013
Raw materials	**$ 25,230**	$ 24,975
Work in process	**23,882**	25,535
Finished goods	**86,667**	77,587
Total inventories	**$ 135,779**	$ 128,097

12. Equity

Share Repurchase Program

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

In July 2013, we announced our intention to exercise the authorization granted by the Annual General Meeting of Shareholders on June 26, 2013, to purchase up to $100 million of our common shares (excluding transaction costs). Based on the closing price on July 29, 2013, this represents approximately five million shares. In 2013, 1.0 million QIAGEN shares were repurchased for $22.7 million and 3.4 million QIAGEN shares were repurchased for $77.7 million in 2014 for an aggregate cost of $100.4 million (including performance fees), under this program.

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

13. Earnings per Common Share

We present basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net (loss) income attributable to the owners of QIAGEN N.V. by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if all "in the money" securities to issue common shares were exercised. In the six months ended June 30, 2014 and 2013 the effect of the convertible notes (discussed in Note 9) was excluded from calculating diluted earnings per share as it was antidilutive. Due to the net loss for the six-month period ended June 30, 2014 and June 30, 2013, stock options and restricted stock units representing approximately 4.6 million and 4.1 million weighted-average shares of common stock were excluded from the computation of diluted net loss because the impact would have been antidilutive.

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

	Six months ended June 30,	
(in thousands, except per share data)	**2014**	**2013**
Net (loss) income attributable to the owners of QIAGEN N.V.	**$ (11,901)**	$ (56,971)
Weighted average number of common shares used to compute basic net income per common share	**232,709**	233,699
Dilutive effect of stock options and awards	—	—
Weighted average number of common shares used to compute diluted net income per common share	**232,709**	233,699
Outstanding options and awards having no dilutive effect, not included in above calculation	**575**	1,944
Outstanding convertible notes having no dilutive effect, not included in above calculation	**39,006**	26,467
Basic (loss) earnings per common share attributable to the owners of QIAGEN N.V.	**$ (0.05)**	$ (0.24)
Diluted (loss) earnings per common share attributable to the owners of QIAGEN N.V.	**$ (0.05)**	$ (0.24)

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 $122.3 million based on the achievement of certain revenue and operating results milestones as follows: $61.0 million in the remainder of 2014, $16.4 million in 2015, $17.7 million in 2016, $7.0 million in 2017, and $20.2 million payable in any 12-month period from now through 2029 based on the accomplishment of certain revenue or diagnostic approval targets. Of the $122.3 million total contingent obligation, $41.0 million if earned would be recorded as an adjustment to goodwill. Of the remaining $81.3 million, we have assessed the fair value at June 30, 2014 to be $5.0 million, which is included in other current liabilities as of June 30, 2014.

Preacquisition Contingencies

In connection with certain acquisitions, amounts were paid into escrow accounts to cover certain preacquisition contingencies assumed in the acquisition. The escrow amounts that can be claimed by QIAGEN are recorded as an asset in prepaid and other current assets and amount to $2.5 million as of June 30, 2014 ($2.5 million as of December 31, 2013). In addition, we have recorded $0.1 million for preacquisition contingencies as a liability under other current liabilities as of June 30, 2014 ($0.1 million as of December 31, 2013).

Contingencies

In the ordinary course of business, we provide a warranty to customers that our products are free of defects and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, we typically provide limited warranties with respect to our services. From time to time, we also make other warranties to customers, including warranties that our products are manufactured in accordance with applicable laws and not in violation of third-party rights. We provide for estimated warranty costs at the time of the product sale. We believe our warranty reserves of $4.9 million as of June 30, 2014 and December 31, 2013, appropriately reflect the estimated cost of such warranty obligations.

Litigation

From time to time, QIAGEN may be party to legal proceedings incidental to its business. As of June 30, 2014, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or its subsidiaries. These matters have arisen in the ordinary course and conduct of business, as well as through acquisition. Although it is not possible to predict the outcome of such litigation, we assess the degree of probability and evaluate the reasonably possible losses that we could incur as a result of these matters. We accrue for any estimated loss when it is probable that a liability has been incurred and the amount of probable loss can be estimated. Based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such legal proceedings will not have a material adverse effect on QIAGEN's financial position or results of operations.

15. Share-Based Payments

Stock Options

During the six-months period ended June 30, 2014 we did not grant any options to purchase common shares, compared to 0.5 million common shares granted for the six month period ended June 30, 2013.

The unrecognized share-based compensation expense related to employee stock option awards, less estimated forfeitures, was approximately $1.2 million, as of June 30, 2014 which will be recognized over a period of 1.10 years.

Stock Awards

Stock-based awards consist of restricted stock units, which have time-based vesting, and performance stock units which have a performance hurdle in addition to the time vesting. During the six months ended June 30, 2014 and 2013, we granted 1.5 million and 2.3 million stock awards, respectively.

At June 30, 2014, there was $111.1 million remaining in unrecognized compensation expense, less estimated forfeitures, related to these awards which will be recognized over a period of 3.17 years.

Share-Based Compensation Expense

Total share-based compensation expense for the six-months periods ended June 30, 2014 and 2013 is comprised of the following:

(in thousands)	Six months ended June 30, 2014	Six months ended June 30, 2013
Cost of sales	**$ 1,645**	$ 2,228
Research and development	**3,672**	3,434
Sales and marketing	**5,098**	5,947
General and administrative, restructuring, integration and other	**9,858**	9,815
Share-based compensation expense before taxes	**20,273**	21,424
Less: income tax benefit	**1,563**	5,252
Net share-based compensation expense	**$ 18,710**	$ 16,172

During the six-months periods ended June 30, 2014, we recognized expense of $1.4 million in connection with retirement benefits for Supervisory Board members. No compensation cost was capitalized in inventory at June 30, 2014 or December 31, 2013 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. Compared to December 31, 2013, no significant changes have occurred to the related party transactions as of June 30, 2014.

17. Subsequent Events

As of August 29, 2014, based on the Company's review, no events or transactions have occurred subsequent to June 30, 2014 other than the conversion of $11.8 million of the 2004 Notes discussed in Note 9 which resulted in the issuance of 0.9 million common shares.

Venlo, August 29, 2014

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, 2014

(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, 2014 (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 29, 2014

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, 2014

(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 29 to 42 of the 2013 Annual Report.

Results of Operations

Overview

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

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

- **Molecular Diagnostics**-healthcare providers supporting many aspects of patient care including prevention, profiling of diseases, personalized healthcare and point of need testing
- **Applied Testing**- government or industry customers using molecular technologies in fields such as forensics, veterinary diagnostics and food safety testing
- **Pharma**-drug discovery and development efforts of pharmaceutical and biotechnology companies
- **Academia**-researchers exploring the secrets of life such as the mechanisms and pathways of diseases, and in some cases translating that research into drug targets or commercial applications

We market products in more than 100 countries throughout the world. We have established subsidiaries in markets we believe have the greatest sales potential, including countries throughout Europe, Asia, the Americas and Australia. We also work with specialized independent distributors and importers. As of June 30, 2014, we employed approximately 4,200 people in more than 35 locations worldwide.

QIAGEN aims to continue accelerating the pace of innovation and growth in 2014 by executing on targeted initiatives to expand our leadership in addressing the rapidly evolving needs of customers to transform biological samples into valuable molecular insights. Our focus is on five growth drivers: (1) driving adoption of the QIAsymphony automation platform and expanding the test menu, (2) extending leadership in Personalized

Healthcare with innovative companion diagnostics to guide treatment decisions, (3) establishing the QuantiFERON-TB test as the modern gold standard for latent tuberculosis control, (4) expanding the use of bioinformatics in molecular applications to analyze and interpret complex biological data; and (5) creating a leading portfolio of universal NGS solutions and complete workflows to drive adoption in clinical research and diagnostics.

Among recent developments in 2014:

QIAsymphony maintaining rapid growth in placements as content menu expands

- After surpassing 1,000 cumulative placements in 2013, QIAGEN is moving ahead on its goal for 250 new placements during 2014.
- The artus CMV RGQ MDx Kit for human cytomegalovirus (CMV) received FDA approval in June 2014. This test is the only FDA-approved PCR-based assay optimized for low- to mid-throughput testing of CMV, a life-threatening infection common in organ transplant patients. The artus CMV test runs on the Rotor-Gene Q MDx real-time PCR platform, a member of the QIAsymphony family of automated instruments. QIAGEN is advancing several other development projects toward U.S. and European regulatory submissions in the areas such as healthcare-acquired infections, women's health, transplantation, blood-borne viruses.

Personalized Healthcare leadership gaining momentum

- The therascreen KRAS RGQ PCR Kit received FDA approval in June to guide the treatment of metastatic colorectal cancer patients with Amgen’s Vectibix® (panitumumab) - the third U.S. approval of a QIAGEN companion diagnostic paired with a novel drug. QIAGEN’s growing menu of clinically validated companion diagnostics is driving personalized healthcare, where genomic insights are used to guide individual treatment decisions.
- A new agreement was announced in July with AstraZeneca PLC that aims to create a new companion diagnostic using “liquid biopsy” samples of blood plasma, rather than more costly and invasive surgical collection of tissue samples, to guide the treatment of non-small cell lung cancer (NSCLC) patients with IRESSA, AstraZeneca’s targeted therapy for NSCLC. The proposed test will analyze plasma to assess EGFR mutation status in NSCLC patients.
- A new collaboration with Eli Lilly and Company was announced in the second quarter of 2014 to co-develop molecular assay panels for simultaneous analysis of DNA and RNA biomarkers, targeting multiple cellular pathways involved in common cancer types. The expanded relationship with Eli Lilly is our first Pharma collaboration based on QIAGEN’s unique multi-modal, multi-analyte Modaplex analysis platform acquired with PrimeraDx that can process multiple sample types and biomarkers in a single test.
- QIAGEN’s pipeline of novel tests for blood cancers was expanded with exclusive licenses reached for the biomarkers calreticulin (CALR) and SF3B1. QIAGEN is the global market leader in molecular diagnostics for leukemia and related blood disorders, and the addition of these new biomarkers in 2014 expands the current portfolio of tests.

QuantiFERON-TB expanding rapidly around the world

- QuantiFERON-TB, the market-leading diagnostic for latent tuberculosis (TB) infection, delivered strong in sales through the first half of the year, driven by ongoing conversion of latent TB screening for high-risk patients in the United States and other markets from the antiquated tuberculin skin test to the modern gold standard. The launch in China, where an estimated 550 million people are infected, began in late March and is progressing well.
- QIAGEN welcomed the announcement in June 2014 by the U.S. Preventive Services Task Force (USPSTF), an independent expert panel appointed by the U.S. government, of its decision to announce a plan to begin researching potential guidelines for screening of latent TB infections in the U.S. as part of efforts to combat TB infections as a public health issue.

Bioinformatics tools driving the advancement of NGS technologies

- QIAGEN further expanded its industry-leading portfolio of bioinformatics solutions during the second quarter of 2014 with the addition of content from BIOBASE, a provider of expertly curated biological databases, software and services. The new content includes gold standard data in the fields of inherited diseases and pharmacogenomics. QIAGEN has begun integrating the BIOBASE content into interpretation solutions in the Ingenuity Knowledge Base, adding value for customers who need to interpret the massive amounts of complex data being generated by next-generation sequencing. In July, QIAGEN and BGI Tech Solutions Co. also announced a distribution and service relationship for China, Taiwan, Hong Kong and Macao involving the BIOBASE Human Gene Mutation Database (HGMD®), which is being integrated into the Ingenuity Knowledge Base.

Innovative NGS workflows and universal solutions helping to address clinical needs

- QIAGEN recently launched 14 new GeneRead DNAseq V2 gene panels in July targeting a broad range of cancer-related genes and gene regions. The assays are universal, meaning they can be run on any NGS platform and help customers to extract and interpret genes of interest through integration with QIAGEN's industry-leading bioinformatics solutions. Among the 14 panels are "focused" assays that target between 8-25 genes as well as "disease-specific" panels for 40-50 genes and "comprehensive" panels for as many as 160 genes. The panels are customizable to include other genes or gene regions of interest, and offer industry-leading specifications such as for uniformity, coverage and low sample input - and provide sample-to-library processing which is several times faster than competing panels.
- Development of the sample-to-insight workflow incorporating the GeneReader benchtop NGS sequencer is progressing, with commercialization expected in the second half of 2015. Teams have been addressing system integration issues, as well as assessing the benefits of new chemistries and bioinformatics for implementation into the workflow.

Recent Acquisitions

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

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

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

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

We determined that we operate as one business segment in accordance with IFRS 8, *Operating Segments*. Our chief operating decision maker (CODM) makes decisions on business operations and resource allocation based on evaluations of our Company as a whole. With revenues derived from our entire product and service offerings, it is not practicable to provide a detail of revenues for each group of similar products and services or for each customer group, as full discrete financial information is not available. However, we do provide certain revenue information by customer class to allow better insight into our operations. This information is estimated using certain assumptions to allocate revenue among the customer classes.

Six-Month Period Ended June 30, 2014, compared to Six-Month Period Ended June 30, 2013

Net Sales

Net sales rose 5% in the first half of 2014 to $647.9 million compared to $618.8 million the same period in 2013, as higher sales of consumables and other revenues (+5% , 89% of sales) more than compensated for weaker instruments (+0%, 11% of sales). Total growth included about two percentage points from the bioinformatics acquisitions of Ingenuity (as of April 29, 2013), CLC bio (as of August 22, 2013) and BIOBASE (as of April 3, 2014), and about two percentage points from the rest of the business. Currency movements had a positive impact of approximately one percentage point to net sales growth.

Geographic regions: In the first half of 2014, net sales rose in all regions, led by the Europe / Middle East / Africa region (+9% / 34% of sales) with the strongest performances in the Nordic region, Italy, United Kingdom and the Middle East. The Americas (+2% / 47% of sales) overcame weaker U.S. HPV sales on growth in Brazil and slightly higher results in the U.S. The Asia-Pacific / Japan region (+4%/ 18% of sales) saw improved sales in South Korea, China and Japan, but weaker results in Australia. The top seven emerging markets (+11%/ 14% of sales) were led by Brazil, South Korea, Turkey and China delivering growth against weaker results in Russia, Mexico and India.

Product categories: In the first half of 2014, consumables and related revenues rose 5% and provided 89% of sales. Growth was led by Molecular Diagnostics and supported by growth in Applied Testing, Academia and Pharma. Contributions from the bioinformatics portfolio acquired during 2013 and 2014 supported results in all customer classes.

In the first half of 2014, instrument sales rose at single-digit rates in Molecular Diagnostics and Applied Testing, but experienced declines in Academia and Pharma amid funding issues. Accordingly, instrument sales remained unchanged and provided 11% of sales.

Customer classes: An overview of performance in QIAGEN's four customer classes:

Molecular Diagnostics sales, which rose 5% and provided 50% of sales in the first half of 2014, generated higher sales of consumables and instruments, overcoming the expected decline in U.S. HPV test product sales. The QuantiFERON-TB latent tuberculosis test continued growing more than 20% and provided approximately 7% of total sales. Profiling consumables were up 16%, also providing about 7% of total sales, helped by the growing installed base of QIAsymphony automation platforms. Personalized Healthcare growth was led by double-digit sales growth of pyro consumables and blood cancer assays and higher revenues from co-development projects. Sales of HPV testing products outside the U.S. decreased year to date but expanded at a high-single-digit rate on improved results in China.

Applied Testing, which rose 9% and provided 8% of sales in the first half of 2014, delivered single-digit growth in instrument sales as well as consumables, with the bioinformatics acquisitions contributing to growth.

Pharma, which represented approximately 19% of net sales with 5% growth in the first half of 2014, experienced a modest increase in consumables supported by the new bioinformatics franchise, but a single-digit decline in instrument sales.

Academia which represented approximately 23% of net sales with 2% growth, faced declines in instrument sales, a reflection of the ongoing difficult funding environment, and a modest single-digit growth in consumables. QIAGEN continues to expect funding levels to improve in the second half of 2014 but to remain below levels seen in previous years.

Gross Profit

Gross profit for the six-month period ended June 30, 2014, was $419.7 million (65% of net sales) as compared to $368.4 million (60% of net sales) for the same period in 2013. Generally, our consumable sample and assay products have a higher gross margin than our instrumentation products and service arrangements. Fluctuations in the sales levels of these products and services can result in fluctuations in gross margin between periods. Further, amortization expense related to developed technology and patent and license rights, which have been acquired in business combinations, is included in cost of sales. In the first half of 2014, the amortization expense on acquisition-related intangibles within cost of sales increased to $41.0 million compared to $37.7 in the same period of 2013. We expect that our acquisition-related intangible amortization will increase as a result of future acquisitions.

Research and Development Expense

Research and development expenses increased to $76.9 million (12% of net sales) in the first half of 2014, as compared to $65.4 million (11% of net sales) in the same period of 2013. The increase in research and development expense in 2014 primarily reflects the 2013 acquisitions. Our business combinations, along with the acquisition of new technologies, may continue to increase our research and development costs. As we continue to discover, develop and acquire new products and technologies, we expect to incur additional expenses related to facilities, licenses and employees engaged in research and development efforts. Additionally, research and development costs are expected to increase as a result of seeking regulatory approvals, including U.S. FDA Pre-Market Approval (PMA), U.S. FDA 510(k) clearance and EU CE approval of certain assays or instruments. We have a strong commitment to innovation and expect to continue to make investments in our research and development efforts.

Sales and Marketing Expense

Sales and marketing expenses increased by 1% to $203.2 million (31% of net sales) for the six-month period ended June 30, 2014, from $201.2 million (33% of net sales) for the same period in 2013. 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 continue to 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, 2014, we recorded general and administrative, restructuring and related costs of $55.5 million, as compared to $123.3 million for the same period in 2013. The net decrease includes $65.1 million in restructuring costs in the six months ended June 30, 2013, related to internal restructuring of subsidiaries, including severance and retention costs, plus costs in connection with our acquisitions. This includes fixed and intangible asset impairment charges of $26.2 million. The restructuring costs primarily relate to a project we began in late 2011 to enhance productivity by streamlining the organization and reallocating resources to strategic initiatives to help drive growth and innovation, strengthen our industry leadership position and improve longer-term profitability. This project eliminated organizational layers and overlapping structures, actions that will enhance our processes, speed and productivity. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. As we further integrate the acquired companies and pursue other opportunities to gain efficiencies, we expect to continue to incur additional business integration costs in 2014. Over time, we believe the integration and restructuring activities will reduce expenses as we improve efficiency in operations.

Financial Income (Expense)

For the six months ended June 30, 2014, financial income increased to $3.2 million from $2.5 million in the same period of 2013. Interest income primarily reflects the changes in our cash and short-term investments and the changing interest rates thereon.

Financial expense decreased to $17.0 million in the six-month periods ended June 30, 2014, as compared to $19.9 million for the same period of 2013. Interest costs primarily relate to debt, discussed in Note 9 in the accompanying notes to the condensed consolidated financial statements. Interest expense decreased primarily as a result of the redemption of the $300.0 million 2006 Notes during March 2014, partially offset by the issuance of the Cash Convertible Notes in March 2014.

Other Income (Expense), net

For the six months ended June 30, 2014, other income (expense), net increased to $84.9 million expense from $3.4 million in the same period of 2013. The increase in expense is primarily due to the losses recorded on the redemption of the 2006 Notes as discussed in Note 9 together with the loss on the revaluation of the Warrants derivative discussed in Note 7.

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, 2014, and December 31, 2013, we had cash and cash equivalents of $420.3 million and $331.0 million, respectively. Cash and cash equivalents are primarily held in U.S. dollars and euros, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At June 30, 2014, cash and cash equivalents had increased by $89.4 million from December 31, 2013, primarily due to cash provided by operating activities of $124.4 million and financing activities of $242.3 million, partially offset by cash used in investing activities of $280.1 million. As of June 30, 2014 and December 31, 2013, we had working capital of $868.9 million and $526.0 million, respectively.

Operating Activities: For the six-months periods ended June 30, 2014 and 2013, we generated net cash from operating activities of $124.4 million and $104.9 million, respectively. While net loss was $11.7 million in the six-months ended June 30, 2014, non-cash components in income included $104.6 million of depreciation and amortization and $1.2 million of impairments. Operating cash flows include a net decrease in working capital of $69.3 million, primarily due to payments made in connection with restructuring activities, for which $10.6 million was accrued at December 31, 2013. 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 $280.1 million of cash was used in investing activities during the six-months ended June 30, 2014, compared to $145.7 million for the same period in 2013. Investing activities during the six-months ended June 30, 2014 consisted principally of $206.1 million for purchases of short-term investments and $38.7 million in cash paid for purchases of property and equipment, primarily in our ongoing construction projects in Germany and the U.S., as well as $8.9 million paid for intangible assets. Cash paid for acquisitions, net of cash acquired, of $41.7 million was primarily related to the Ingenuity acquisition.

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

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $122.3 million based on the achievement of certain revenue and operating results milestones as follows: $61.0 million in the remainder of 2014, $16.4 million in 2015, $17.7 million in 2016, $7.0 million in 2017, and $20.2 million payable in any 12-month period from now until 2029 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the $122.3 million total contingent obligation, we have assessed the fair value at June 30, 2014 to be $5.0 million, where $5.0 million is included in other current liabilities as of June 30, 2014.

Financing Activities: Financing activities provided $242.3 million in cash for the six-months ended June 30, 2014 compared to cash used in financing activities of $48.5 million for the six-months ended June 30, 2013. The net proceeds from the issuance of the Cash Convertible Notes, including the related cash flow from the purchase of the Call Options and the issuance of the Warrants, were substantially used to fund the redemption of the 2006 Notes as discussed in Note 9 "Financial Debts." Additionally, cash provided during the six months ended June 30, 2014 included $8.3 million for the issuance of common shares in connection with our stock plan was offset with the the purchase of treasury shares of $77.7 million.

In December 31, 2011, we entered into a €400.0 million syndicated multi-currency revolving credit facility expiring December 2016 of which no amounts were utilized at June 30, 2014. The €400.0 million facility can be utilized in euro, U.K pound or U.S. dollar and bears interest of 0.8% to 2.35% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. We have additional credit lines totaling €38.0 million at variable interest rates, of which no amounts were utilized as of June 30, 2014. We also have capital lease obligations, including interest, in the aggregate amount of $14.0 million, and carry $1.2 billion of long-term debt, of which $0.4 million is current as of June 30, 2014.

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”. 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 in Note 9, "Financial Debt" and transaction costs. Interest on the Cash Convertible Notes is payable semiannually in arrears on March 19 and September 19 of each year, at rates of 0.375% and 0.875% per annum for the 2019 Notes and 2021 Notes, respectively, commencing on September 19, 2014. The 2019 Notes will mature on March 19, 2019 and the 2021 Notes will mature on March 19, 2021, respectively, unless repurchased or converted in accordance with their terms prior to such date.

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

In 2012, the Supervisory Board approved a program authorizing management to purchase up to a total of $100 million of our common shares (excluding transaction costs). In the first quarter of 2013, 3.4 million QIAGEN shares were repurchased for approximately $77.7 million. We completed the share repurchase program in April 2013 having repurchased between October 2012 and April 2013 a total of 5.1 million QIAGEN shares for a total of $99.0 million.

In 2013, the Supervisory Board approved a program authorizing management to purchase up to another $100 million of our common shares (excluding transaction costs). In 2013, 1.0 million QIAGEN shares were repurchased (including transaction costs) for $22.7 million and 3.4 million QIAGEN shares were repurchased for $77.7 million in the first half of 2014, under this second share buyback program. Repurchased shares will be held in treasury in order to satisfy obligations for exchangeable debt instruments and employee share-based remuneration plans.

In 2014, we announced our intention to exercise the authorization granted by the Annual General Meeting of Shareholders on June 25, 2014, to purchase up to another $100 million of our common shares (excluding transaction costs). This third share buyback program will start in the second half of 2014.

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

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

Quantitative and Qualitative Disclosures about Market Risk

Our market risk relates primarily to interest rate exposures on cash, marketable securities and borrowings and foreign currency exposures on intercompany and third-party transactions. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign currency exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or speculative purposes. Our exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from our exposure as discussed in our Annual Report for the year ended December 31, 2013

Contractual Obligations

There were no material changes at June 30, 2014, from the contractual obligations disclosed in our Annual Report for the year ended December 31, 2013 other than the issuance of the Cash Convertible Notes as described Note 9 in the accompanying Notes to Consolidated Financial Statements.

Legal Proceedings

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

While no assurances can be given regarding the outcome of the proceeding 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 2013 Annual Report. Those risk categories and factors are deemed incorporated and repeated in this report by this reference and we believe that these risks similarly apply for the last six-months of 2014. More information can be found under the Management Report of the 2013 Annual Report.

There have been no material changes from the risk factors disclosed in the 2013 Annual Report other than those described below.

The accounting for the Cash Convertible Notes will result in our having to recognize interest expense significantly greater than the stated interest rate of the notes.

We will settle any conversions of the Cash Convertible Notes entirely in cash. Accordingly, the conversion option that is part of the Cash Convertible Notes will be accounted for as a derivative pursuant to accounting standards relating to derivative instruments and hedging activities. Refer to Note 7, "Derivatives," of the Notes to Consolidated Financial Statements in. In general, this resulted in an initial valuation of the conversion option separate from the debt component of the Cash Convertible Notes, resulting in an original issue discount. The original issue discount will be accreted to interest expense over the term of the Cash Convertible Notes, which will result in an effective interest rate reported in our financial statements significantly in excess of the stated coupon rates of the Cash Convertible Notes. This accounting treatment will reduce our earnings.

The cash convertible note hedge and warrant transactions we entered into in connection with the issuance of our Cash Convertible Notes may not provide the benefits we anticipate, and may have a dilutive effect on our common stock and may result in volatility to our Consolidated Statements of Operations.

Concurrently with the issuance of the Cash Convertible Notes, we entered into Call Options and issued Warrants. We entered into the Call Options with the expectation that they would offset potential cash payments by us in excess of the principal amount of the Cash Convertible Notes upon conversion of the Cash Convertible Notes and by this effectively offsetting the obligation from the Cash Convertible Notes. In the event that the hedge counterparties fail to deliver potential cash payments to us, as required under the Call Options, we would not receive the benefit of such transaction. For each financial statement period after the issuance of the Cash Convertible Notes, a gain or loss will be reported in our financial statements to the extent the valuation of the conversion option changes from the previous period. The Call Options and Warrants are accounted for as derivative instruments. The changes in fair value of these derivatives will be recorded in our earnings. While the Call Options are expected to substantially offset the gain or loss associated with changes to the valuation of the conversion option, there is no offsetting impact for the changes in fair value of the Warrants. Accordingly, this will result in increased volatility to our results of operations. Additionally, the Warrants could separately have a dilutive effect to the extent that the market price per share of our common stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants.

2014 Outlook

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

QIAGEN reaffirms its expectations to deliver higher adjusted net sales and adjusted earnings for the full year based on contributions from the bioinformatics acquisitions which are expected to offset the anticipated adverse impact from reduced sales of HPV products in the U.S. Based on current exchange rates, adjusted earnings for full-year 2014 are expected to be adversely affected by certain currency movements against the U.S. dollar, QIAGEN's reporting currency. These expectations do not take into account any further acquisitions that could be completed in 2014.

Global Economic Perspectives for 2014

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

Industry Perspectives for 2014

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

Signatures

Venlo, August 29, 2014

QIAGEN N.V.

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