Eagle Bulk Shipping Inc.
Form 8-A12G
June 20, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES
PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

EAGLE BULK SHIPPING INC.

(Exact name of Issuer as specified in its charter)

The Republic of the Marshall Islands	98-0453513
(State of incorporation or organization)	(IRS Employer Identification No.)
29 Broadway New York, New York	10006
(Address of principal executive offices)	(Zip Code)

If this form relates to the registration of a class of securities pursuant to Section 12(b) and is effective pursuant to General Instruction A.(c), check the following box.

If this form relates to the registration of a class of securities pursuant to Section 12(g) and is effective pursuant to General Instruction A.(d), check the following box.

Securities Act Registration Statement file number to which this form relates: 333-123817

Securities to be registered pursuant to Section 12(b) of the Act:

None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01 per share

(Title of Class)

Item 1. Description of Registrants Securities to be Registered

The information required by this item is contained under the headings "Dividend Policy" and "Description of Capital Stock" in the registration statement to which this Form 8-A relates (File No. 333-123817). This information contained under the headings "Dividend Policy" and "Description of Capital Stock" is incorporated herein by reference.

Item 2. Exhibits

Exhibit	Description
3.1.	Amended and Restated Articles of Incorporation, which is hereby incorporated by reference to Exhibit 3.1 of the Company's fourth Amended Registration Statement on Form S-1 (Registration No. 333-123817), including exhibits thereto, which was initially filed with the Securities and Exchange Commission on June 20, 2005 (the "Fourth Amended Registration Statement")
3.2.	Amended and Restated Bylaws of the Company, which are hereby incorporated by reference to Exhibit 3.2 of the Company's Fourth Amended Registration Statement
4.	Stock Certificate (specimen) of the Company, which is hereby incorporated by reference to Exhibit 4 in the Company's Fourth Amended Registration Statement

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this amended registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

Dated: June 20, 2005

EAGLE BULK SHIPPING INC.

By:/s/ Sophocles N. Zoullos

Name: Sophocles N. Zoullas
Title: Chief Executive Officer
and President

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Impairment losses

(15,143) (389) (15,532)

Disposals

30,657 2,835 823 389 34,704

Transfers

(910)	383	(1,645)	944	(1,228)

December 31, 2013

(84,261)	(150,010)	(66,445)	(25,742)	(326,458)

Currency adjustments

6,049 6,225 5,350 2,469 20,093

Additions

(10,690) (34,761) (7,499) (2,046) (54,996)

Impairment losses

(5,627) (131) (5,758)

Disposals

29,188 1,905 728 1,033 32,854

December 31, 2014

(65,341)	(176,772)	(67,866)	(24,286)	(334,265)

Net book value

December 31, 2013

$198,347	$70,590	$19,908	$9,896	$97,092	$395,833

December 31, 2014

$217,775	**$68,134**	**$18,689**	**$8,381**	**$70,575**	**$383,554**

No property, plant and equipment were pledged as security against non-current financial debts at December 31, 2014 and 2013. The net carrying amount of property, plant and equipment under finance lease contracts amounts to $3.7 million as of December 31, 2014 (2013: $13.9 million).

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

For the year ended December 31, 2014, construction in progress includes amounts related to ongoing software development projects and the construction of new facilities in the United States. For the years ended December 31, 2014 and 2013, interest capitalized in connection with construction projects was not significant.

11. Investments in Associates and Joint Ventures

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

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

Company (in thousands)	Ownership Percentage	Equity investments as of December 31, 2014	Equity investments as of December 31, 2013	Share of income (loss) for the years ended December 31, 2014	Share of income (loss) for the years ended December 31, 2013
PreAnalytiX GmbH, Germany	50.00%	**$ 18,954**	$ 20,839	**$ 3,557**	$ 2,044
Pyrobett Pte Ltd, Singapore	19.00%	**2,711**	3,250	**(539)**	(265)
QBM Cell Science Ltd, Canada	19.50%	**398**	400	**(2)**	(6)
QIAGEN (Suzhou) Institute of Translation Research Co., Ltd., China	30.00%	**216**	529	**(409)**	(112)
Dx Assays Pte Ltd, Singapore	33.30%			**710**	
		$ 22,279	$ 25,018	**$ 3,317**	$ 1,661

We have a 50% interest in a joint venture company, PreAnalytiX GmbH, for which each of the joint venture partners participates 50/50 in all decision making activities and therefore we are not the primary beneficiary. Thus, the investment is accounted for under the equity method. PreAnalytiX was formed to develop, manufacture and market integrated systems for the collection, stabilization and purification of nucleic acids for molecular diagnostic testing. At present, our maximum exposure to loss as a result of our involvement with PreAnalytiX is limited to our share of losses from the equity method investment itself.

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

The below tables shows the changes in our equity-method investments in associates for the years ended December 31, 2014 and 2013:

(in thousands)	2014	2013
Investments in associates as at January 1st	**$ 25,018**	$ 22,122
Acquisition of shares		4,319
Impairment	**(6,000)**	(3,443)
Share of profit / (loss)	**3,317**	1,661
Exchange rate differences	**(56)**	359
Investments in associates as at December 31st	**$ 22,279**	$ 25,018

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

(in millions)	2014	2013
Total assets	**$ 49.5**	$ 55.5
Shareholders equity	**$ 38.1**	$ 58.1
Net sales	**$ 18.6**	$ 19.6
Net result	**$ 8.0**	$ 5.4

12. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended December 31, 2014 and 2013 are as follows:

(in thousands)	**2014**	**2013**
Goodwill as at January, 1st	**$ 1,880,490**	$ 1,783,913
Goodwill acquired during the year	**99,846**	119,185
Currency adjustments	**(66,124)**	(22,608)
Goodwill as at December 31st	**$ 1,914,212**	$ 1,880,490

The changes in the carrying amount of goodwill during the years ended December 31, 2014 and 2013 resulted from acquisitions in the respective year and foreign currency translation. Accumulated goodwill impairment totaled $1.6 million as of December 31, 2014 and 2013.

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In the fourth quarter of 2014, we performed our annual impairment assessment of goodwill (using data as of October 1, 2014) in accordance with the provisions of IAS 36. No events or changes in circumstances indicated that the acquired goodwill might be impaired.

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

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

Key assumptions used in the value in use calculations

The value in use is calculated based on estimated future cash flow projections expected to result from the use of the cash generating unit, discounted using an appropriate long-term pre-tax discount rate. The value in use calculations use cash flow projections based on financial budgets and models over the projection period (five years) as available for internal reporting purposes and in accordance with standard valuation practices. The growth rates used are based on industry growth forecasts for the projected period as well as for the subsequent period (long-term growth rate of 3% in 2014 and 2013). The discount rates used are based on the pre-tax weighted average cost of capital (2014: 7.80%; 2013: 8.90%) and are verified against external analyst reports.

Sensitivity to changes in assumptions

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

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

We concluded that no impairment existed. We believe that any reasonably possible change in the key assumptions would not have an impact on reported goodwill. Even if our estimates of projected future cash flows in respect of discount and growth rates were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2014. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the cash generating unit and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

Other Intangible Assets

Cost (in thousands)	Developed technology, patent and license rights	Computer software	Development costs	Other intellectual properties	**Total**
January 1, 2013	$ 993,177	$ 86,280	$ 128,727	$ 391,248	$ 1,599,432
Currency adjustments	(1,072)	2,639	2,780	(3,342)	1,005
Additions	34,225	8,379	11,258		53,862
Business combinations	54,463	58		17,985	72,506
Disposals	(17,261)	(6,003)	(17,885)		(41,149)
Transfers	5,736	12,612	(10,880)	4,796	12,264
December 31, 2013	1,069,268	103,965	114,000	410,687	1,697,920

Currency adjustments	(98,647)	(10,058)	(9,737)	(26,788)	(145,230)
Additions	4,983	6,914	4,626	5,430	21,953
Business combinations	51,411	44		51,719	103,174
Disposals	(14,627)	(16,046)	(1,783)	(249)	(32,705)
Transfers	7,559	18,016		(7,559)	18,016
December 31, 2014	**$ 1,019,947**	**$ 102,835**	**$ 107,106**	**$ 433,240**	**$ 1,663,128**

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Amortization (in thousands)	Developed technology, patent and license rights	Computer software	Development costs	Other intellectual properties	**Total**
January 1, 2013	$ (413,523)	$ (44,974)	$ (67,427)	$ (126,906)	$ (652,830)
Currency adjustments	(10,011)	(1,428)	(2,043)	1,064	(12,418)
Additions	(90,662)	(10,799)	(12,322)	(36,222)	(150,005)
Impairment losses	(19,696)	(1,123)	(15,143)		(35,962)
Disposals	6,053	2,342	17,885		26,280
Transfers		1,228	1,005	353	2,586
December 31, 2013	(527,839)	(54,754)	(78,045)	(161,711)	(822,349)
Currency adjustments	71,486	5,597	7,895	18,515	103,493
Additions	(95,878)	(12,895)	(8,789)	(37,012)	(154,574)
Impairment losses	(8,711)	(12,289)			(21,000)
Disposals	14,627	16,046		249	30,922
December 31, 2014	**(546,315)**	**(58,295)**	**(78,939)**	**(179,959)**	**(863,508)**
Net book value					
December 31, 2013	541,429	49,211	35,955	248,976	875,571
December 31, 2014	**$ 473,632**	**$ 44,540**	**$ 28,167**	**$ 253,281**	**$ 799,620**

Amortization expense on intangible assets is included in the line items cost of sales, research and development expense, sales and marketing expense or general and administrative expense in the accompanying consolidated statements of income depending on the nature and use of the asset. In 2014, purchased intangibles amortization related to developed technology and patent and license rights acquired in a business combination is included in cost of sales in the amount of $81.7 million (2013: $77.9 million) and purchased intangibles amortization of trademarks and customer base acquired in a business combination is recorded in sales and marketing expense in the amount of $37.1 million (2013: 35.5 million).

Amortization of capitalized development costs have been recorded to cost of sales in the amount of $8.8 million in 2014 (2013: $12.3 million).

In 2013, we recorded impairment charges on capitalized development expenses for projects we did not continue of $15.1 million.

13. Provisions

For the years ended December 31, 2014 and 2013, provisions as per the accompanying consolidated statements of financial position totaled $4.8 million and $9.3 million, respectively, and included amounts related to our warranty and acquisition related provisions.

Warranty provision

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

(in thousands)	**2014**	**2013**
Warranty obligation as at January 1st	**$ 4,936**	$ 4,363
Provision charged to cost of sales	**2,766**	5,238
Usage	**(3,504)**	(4,590)

Adjustments to previously provided amounts, net	**(695)**	(103)
Currency adjustments	**(224)**	28
Warranty obligation as at December 31st	**$ 3,279**	$ 4,936

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Acquisition related cost

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

(in thousands)	2014	2013
Acquisition related costs as at January 1st	**$ 4,402**	$ 1,273
Provision charged to expenses	**1,698**	4,550
Usage	**(3,191)**	(1,555)
Currency adjustments and other	**(1,362)**	134
Acquisition related costs as at December 31st	**$ 1,547**	$ 4,402

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

14. Other Current and Non-current Liabilities

Other current liabilities at December 31, 2014 and 2013 consist of the following:

(in thousands)	2014	2013
Accrued expenses	**$ 82,739**	$ 86,785
Payroll and related accrued liabilities	**54,768**	53,864
Deferred revenue	**49,190**	50,642
Royalties	**13,855**	19,925
Fair values of derivative financial instruments	**10,547**	14,518
Accrued contingent consideration	**7,477**	6,127
Current finance lease obligations	**1,125**	4,719
Pre-acquisition contingencies assumed in acquisition	**135**	135
Other current liabilities	**$ 219,836**	$ 236,715

Other non-current liabilities at December 31, 2014 and 2013 consist of the following:

(in thousands)	2014	2013
Accrued expenses	**$ 40,697**	$ 22,300
Fair values of derivative financial instruments	**274,572**	
Non-current finance lease obligations	**4,005**	11,577
Deferred revenue	**2,370**	4,556
Accrued contingent consideration	**10,000**	
Other non-current liabilities	**$ 331,644**	$ 38,433

Please refer to Note 19 Commitments and Contingencies and Note 24 Financial Risk Factors and Use of Derivative Financial Instruments for additional information.

15. Financial Debts

Our credit facilities available at December 31, 2014 total 436.6 million (approximately $530.1 million). This includes a 400.0 million syndicated multi-currency revolving credit facility expiring December 2019 of which no amounts were utilized at December 31, 2014, and four other lines of credit amounting to 36.6 million with no expiration date, none of which were utilized as of December 31, 2014. The 400.0 million facility can be utilized in euro, U.K pound or U.S. dollar and bears interest of 0.4% to 1.2% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. The commitment fee is calculated based on 35% of the applicable margin. In 2014 and 2013, $1.8 million and $1.3 million of commitment fees were paid. The revolving facility agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on the encumbrance of assets and the maintenance of certain financial ratios. We were in compliance with these covenants at December 31, 2014. The credit facilities are for general corporate purposes.

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At December 31, 2014, total long-term debt was approximately $1,157.0 million, $130.8 million of which is current. We believe that funds from operations, existing cash and cash equivalents, and availability of financing facilities as needed, will be sufficient to fund our debt repayments coming due in 2015. Total long-term debt consists of the following:

(in thousands)	2014	2013
3.25% Convertible Note due 2026	$	$ 300,000
1.5% Convertible Note due 2024	**130,097**	145,000
3.19% Series A Senior Notes due 2019	**73,000**	73,000
3.75% Series B Senior Notes due 2022	**300,000**	300,000
3.90% Series C Senior Notes due 2024	**27,000**	27,000
0.375 % Senior Unsecured Cash Convertible Notes due 2019	**379,747**	
0.875% Senior Unsecured Cash Convertible Notes due 2021	**246,493**	
Other notes payable bearing interest up to 6.28% and due through 2015	**668**	483
Total current and non-current financial debts	**1,157,005**	845,483
Less: current portion of financial debts	**130,765**	207
Total non-current financial debts	**$ 1,026,240**	$ 845,276
Total amount secured		
Unused lines of credit for short-term financing	**530,076**	602,115

Interest expense on non-current debt was $35.6 million for the year ended December 31, 2014 (2013: $28.8 million).

Breakdown by maturities for payments due for nominal amounts and future interest as of December 31, 2014 and 2013 is as follows:

As of December 31, 2014 (in thousands)	Carrying value	Loans (fixed and floating-rate)	Convertible notes (fixed-rate)	Total Cash out
2015	$ 130,765	$ 15,331	$ 136,509	$ 151,840
2016		14,632	6,412	21,044
2017		14,632	6,412	21,044
2018		14,632	6,412	21,044
2019	452,747	87,147	435,154	522,301
Thereafter	573,493	363,452	313,350	676,802
Total financial debts 2014	**$ 1,157,005**	**$ 509,826**	**$ 904,249**	**$ 1,414,075**

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

Cash Convertible Notes due 2019 and 2021

On March 19, 2014, we issued $730.0 million aggregate principal amount of Cash Convertible Senior Notes of which $430.0 million is due in 2019 (2019 Notes) and $300.0 million is due in 2021 (2021 Notes). We refer to the 2019 Notes and 2021 Notes, collectively as the Cash Convertible Notes . The aggregate net proceeds of the Cash Convertible Notes was $680.7 million, after payment of the net cost of the Call Spread Overlay described below and transaction costs, excluding approximately $0.1 million of accrued debt issuance costs at December 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 September 19, 2014. The 2019 Notes will mature on March 19, 2019 and the 2021 Notes will mature on March 19, 2021, unless repurchased or converted in accordance with their terms prior to such date.

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

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

during any calendar quarter commencing after the calendar quarter ending on March 31, 2014 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

if we undergo certain fundamental changes as defined in the agreement;

during the five business day period immediately after any ten consecutive trading day period in which the quoted price for the 2019 Notes or the 2021 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;

if we elect to distribute assets or property to all or substantially all of the holders of our common stock and those assets or other property have a value of more than 25% of the average daily volume-weighted average trading price of our common stock for the prior 20 consecutive trading days;

if we elect to redeem the Cash Convertible Notes; or

if we experience certain customary events of default, including defaults under certain other indebtedness.

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

We may redeem the 2019 Notes or 2021 Notes in their entirety at a price equal to 100% of the principal amount of the applicable Cash Convertible Notes plus accrued interest at any time when 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 24.

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 December 31, 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

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and seven years, respectively. Based on an estimation using available over-the-counter market information on the Cash Convertible Notes, the fair value of the 2019 and 2021 Notes at December 31, 2014 was $452.0 million and $318.1 million, respectively.

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

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

(in thousands)	Year-Ended December 31, 2014
Coupon interest	$ 3,307
Amortization of original issuance discount	12,836
Amortization of debt issuance costs	1,693
Total interest expense related to the Cash Convertible Notes	$ 17,836

Cash Convertible Notes Call Spread Overlay

Concurrent with the issuance of the Cash Convertible Notes, we entered into privately negotiated hedge transactions (Call Options) with, and issued warrants to purchase shares of our common stock (Warrants) to, certain financial institutions. We refer to the Call Options and Warrants collectively as the Call Spread Overlay . The Call Options are intended to offset any cash payments payable by us in excess of the principal amount due upon any conversion of the Cash Convertible Notes. We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay for the Call Options, and simultaneously received $68.9 million (net of issuance costs) from the sale of the Warrants, for a net cash outlay of $36.3 million for the Call Spread Overlay. The Call Options and Warrants are derivative financial instruments and are discussed further in Note 24.

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 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 $400.0 million with a weighted average interest rate of 3.66% (settled on October 16, 2012). The notes were issued in three series: (1) $73.0 million 7-year term due in 2019 (3.19%); (2) $300.0 million 10-year term due in 2022 (3.75%); and (3) $27.0 million 12-year term due in 2024 (3.90%). We paid $2.1 million in debt issue costs which will be amortized through interest expense over the lifetime of the notes. Approximately 170 million (approximately $220 million) of proceeds from the notes were used to repay amounts outstanding under our short-term revolving credit facility. The remainder of the proceeds provides additional resources to support QIAGEN s longer-term business expansion. The note purchase agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on priority indebtedness and the maintenance of certain financial ratios. We were in compliance with these covenants at December 31, 2014 and 2013. Based on an estimation using the changes in the U.S. Treasury rates, the fair value of these senior notes as of December 31, 2014 was approximately $390.6 million.

2006 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 is payable semi-annually

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in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15.0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. 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 financial expense, 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.

2004 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 Notes is payable semi-annually in February and August. The 2004 Notes were issued at 100% of principal value, and are convertible into 10.1 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection with the conversion of $5.0 million of the Notes. The 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 Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2019. As of December 31, 2014, $130.1 million is included in short-term debt for the loan amounts payable to QIAGEN Finance (Luxembourg) S.A., with a maturity date of February 2024 but is due on demand in connection with conversions. 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 December 31, 2014 was $242.1 million (2013: $267.5 million). The effective interest rate of the Notes amounts to 1.5%. As of December 31, 2014, we have reserved 10.1 million common shares for issuance in the event of conversion of the 2004 Notes. In January 2015, we repaid the $130.5 million loan to QIAGEN Finance (Luxembourg) S.A. and repurchased the warrant agreement with QIAGEN Finance (Luxembourg) S.A.

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 repayment obligations as they come due in the next twelve months.

16. Income Tax

Major components of income tax expense as presented in the income statement for the years ended December 31, 2014 and 2013, are:

(in thousands)	**2014**	**2013**
Current income tax charge	**$ 46,481**	$ 41,643
Adjustment in respect of current income tax of previous years	**(1,950)**	(888)
Current Income Tax	**44,531**	40,755
Relating to origination and reversal of temporary differences	**(36,743)**	(72,390)
Relating to changes in tax rates	**330**	(1,640)
Deferred Income Tax	**(36,413)**	(74,030)
Total Income Tax	**$ 8,118**	$ (33,275)

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

(in thousands)	2014	2013
Net (loss) / gain on foreign currency translation differences	**$ 115**	$ (2,116)
Total Income Tax in Statement of Comprehensive Income	**$ 115**	$ (2,116)

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The applicable statutory income tax rate in The Netherlands was 25.0% in 2014 and in 2013. The principal items comprising the differences between income taxes computed at the Netherlands statutory rate and the effective tax rate for the years ended December 31, 2014 and 2013 is as follows:

	2014		2013	
(in thousands)	**Amount**	**Percent**	**Amount**	**Percent**
Income before Tax	**$ 53,819**		$ 12,766	
At Dutch statutory income tax rate of 25.0%	**13,454**	**25.0%**	3,191	25.0%
Effect of tax rate differences	**9,563**	**17.8%**	(1,104)	(8.6)%
Income taxes related to prior years	**(1,950)**	**(3.6)%**	(888)	(7.0)%
Changes in tax rates impacting deferred taxes	**330**	**0.6%**	(1,640)	(12.8)%
Income tax impact from permanent differences	**9,339**	**17.4%**	6,219	48.7%
Income tax impact from tax exempt income	**(23,480)**	**(43.6)%**	(38,371)	(300.6)%
Other	**862**	**1.5%**	(682)	(5.4)%
Total Income Tax	**$ 8,118**	**15.1%**	$ (33,275)	(260.7)%

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

We conduct business globally and, as a result, file numerous consolidated and separate income tax returns in the Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. Tax years in the Netherlands are open since 2002 for income tax examinations by tax authorities. Our subsidiaries, with few exceptions, are no longer subject to income tax examinations by tax authorities for years before 2010. The U.S. consolidated group is subject to federal and most state income tax examinations by tax authorities beginning the year ending December 31, 2010 through the current period.

Starting in February 2014, U.S. tax authorities (Internal Revenue Service) have been auditing our U.S. federal tax return for 2011 and 2012. The audit is currently in process and we expect to close the audit in 2015.

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

We do not currently anticipate that our existing reserves related to uncertain tax positions as of December 31, 2014 will significantly increase or decrease during the twelve-month period ending December 31, 2015. However, various events could cause our current expectations to change in the future. The majority of these uncertain tax positions, if ever recognized in the financial statements, would be recorded in the statement of operations as part of the income tax provision.

At December 31, 2014 and 2013, our net unrecognized tax benefits totaled approximately $16.0 million and $11.6 million, respectively, of which $14.0 million and $11.6 million in benefits, if recognized, would favorably, affect our effective tax rate in any future period. It is possible that approximately $3.8 million of the unrecognized tax benefits may be released during the next 12 months due to lapse of statute of limitations or settlements with tax authorities.

Our policy is to recognize interest accrued related to unrecognized tax benefits in interest expense and penalties within tax provision expense. At December 31, 2014 and 2013, we have net interest (income) expense and penalties of $(0.3) million and $(1.7) million, respectively. At December 31, 2014 and 2013, we have accrued interest of $1.1 million and $1.3 million, respectively, which are not included in the table above.

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We have recorded net deferred tax liabilities of $56.9 million and $77.4 million at December 31, 2014 and 2013, respectively. The components of the net deferred tax liability at December 31, 2014 and December 31, 2013 are as follows:

(in thousands)	2014	2013	Change
Accrued liabilities	**$ 20,425**	$ 21,520	$ (1,095)
Equity awards	**23,358**	23,484	(126)
Inventories	**30,754**	29,380	1,374
Tax credits	**3,347**	1,774	1,573
NOL carry forward	**33,208**	43,108	(9,900)
Currency revaluation	**510**	399	111
Intangibles	**1,030**	4,698	(3,668)
Finance lease	**1,128**	1,925	(797)
Allowance for bad debts	**1,155**	2,351	(1,196)
Depreciation and amortization	**3,616**	2,132	1,484
Convertible debt	**10,055**		10,055
Other	**39,312**	27,867	11,445
Offsetting	**(160,528)**	(150,381)	(10,147)
Deferred Tax Asset	**7,370**	8,257	(887)
Intangibles	**(208,969)**	(223,155)	14,186
Depreciation and amortization	**(10,645)**	(7,260)	(3,385)
Currency revaluation	**(211)**	(57)	(154)
Inventories	**(1,358)**	(1,304)	(54)
Unremitted profits earnings	**(1,064)**	(1,150)	86
Allowance for bad debts	**(483)**	(1,016)	533
Other	**(2,108)**	(2,063)	(45)
Offsetting	**160,528**	150,381	10,147
Deferred Tax (Liability)	**$ (64,310)**	$ (85,624)	$ 21,314
Net Deferred Tax Asset/ (Liability)	**$ (56,940)**	$ (77,367)	$ 20,427

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

(in thousands)	2014	2013
Change in deferred tax recognized in income	**$ 36,413**	$ 74,030
Change in deferred tax related to business combinations	**(27,318)**	(1,593)
Change in deferred tax recognized in equity	**11,332**	7,217
Change in Deferred Tax	**$ 20,427**	$ 79,654

At December 31, 2014 and 2013, we had $270.1 million and $201.1 million in total foreign net operating loss (NOL) carryforwards. At December 31, 2014 and 2013, we had $120.8 million and $99.1 million of U.S. federal (NOL) carryforwards. At December 31, 2014, the entire NOLs in the U.S. are subject to limitations under Section 382 of the Internal Revenue Code. In 2014, the U.S. NOL increases significantly due to the acquisition, which carried over $44.4 million of NOLs. Approximately $43.3 million of NOL will be limited under IRC 382 and we anticipate that we will only be able to utilize about $1.1 million of the total NOL. The remaining NOL is not expected to be utilized before expiration. The NOLs in the U.S. will expire beginning December 31, 2021 through December 31, 2031. As of December 31, 2014 and 2013, we had other foreign NOL carryforwards totaling approximately $149.3 million and $102.0 million, respectively, with $9.3 million added in 2014 due to acquisitions. During 2014, Germany generated approximately $21.6 million NOL related to trade tax and utilized approximately

$25.5 million CIT NOL generated in 2013. A portion of the foreign NOLs will be expiring beginning December 2015. The valuation allowance amounts for the years ended December 31, 2014 and 2013 are $0.6 million.

As of December 31, 2014, a provision has not been made for residual Netherlands income taxes on the undistributed earnings of the majority of our foreign subsidiaries as these earnings are considered to be either permanently reinvested or can be repatriated tax free. These earnings retained by subsidiaries and equity accounted investments amounted to $317.1 million at December 31, 2014. We have $19.1 million of undistributed earnings that we do not consider permanently reinvested and have recorded deferred income taxes or withholding taxes at December 31, 2014 and December 31, 2013, of approximately $1.1 million and $1.2 million respectively. There are no income tax consequences regarding payment of dividends to our shareholders. To date, we have never paid dividends.

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17. Equity

Retained Earnings

At the Annual General Meeting of Shareholders on June 23, 2015, the Board of Directors will propose to carry forward the profit for the year of QIAGEN N.V., the holding company of the Group, which is determined in accordance with the legal provisions of the Dutch Civil Code.

Share Repurchase Program

In 2012, the Supervisory Board approved a program authorizing management to purchase up to a total of $100 million of our common shares (excluding transaction costs). 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). 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.

In July 2014, we announced the launch of our third $100 million share repurchase program after completing the second $100 million program in June 2014. In 2014, 2.1 million QIAGEN shares were repurchased for $49.1 million.

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

18. Earnings per Common Share

We present basic and diluted earnings per share. Basic earnings per share is calculated by dividing the net income attributable to the owners of QIAGEN N.V. by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if all in the money securities to issue common shares were exercised. In 2014 and 2013, the effect of the convertible bonds (discussed in Note 15) was excluded from calculating diluted earnings per share as it was antidilutive.

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

(in thousands, except per share data)	Years ended December 31, 2014	2013
Net income attributable to the owners of QIAGEN N.V.	**$ 45,133**	$ 46,016
Weighted average number of common shares used to compute basic net income per common share	**232,644**	234,000
Dilutive effect of stock options and awards	**3,573**	3,023
Weighted average number of common shares used to compute diluted net income per common share	**236,217**	237,023
Outstanding options and awards having no dilutive effect, not included in above calculation	**422**	1,616
Basic earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.19**	$ 0.20
Diluted earnings per common share attributable to the owners of QIAGEN N.V.	**$ 0.19**	$ 0.19

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19. Commitments and Contingencies

Lease commitments

We lease facilities and equipment under operating lease arrangements expiring in various years through 2022. Certain rental commitments provide for escalating rental payments or have renewal options extending through various years. Certain facility and equipment leases constitute finance leases expiring in various years through 2018. The accompanying consolidated financial statements include the assets and liabilities arising from these capital lease obligations. Rent expense under non-cancelable operating lease agreements was $25.6 million in 2014 and $26.4 million in 2013.

Minimum future obligations under finance and operating leases at December 31, 2014, are as follows:

(in thousands)	Finance Leases	Operating Leases
2015	$ 1,552	$ 17,437
2016	1,584	12,515
2017	1,366	9,873
2018	1,522	7,027
2019		5,331
Thereafter		8,819
Total minimum lease obligations at December 31, 2014	6,024	$ 61,002
Less: amount representing interest	(894)	
Less: current portion	(1,125)	
Present value of minimum lease obligations at December 31, 2014	$ 4,005	

The information for the comparative period is provided below:

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

Licensing and Purchase Commitments

We have licensing agreements with companies, universities and individuals, some of which require certain up-front payments. Royalty payments are required on net product sales ranging from one to 25 percent of covered products or based on quantities sold. Several of these agreements have minimum royalty requirements. The accompanying consolidated financial statements include accrued royalties relating to these agreements in the amount of $13.9 million and $19.9 million at December 31, 2014 and 2013, respectively. Royalty expense relating to these agreements amounted to $48.8 million and $53.2 million, for the years ended December 31, 2014 and 2013, respectively. Royalty expense is primarily recorded in cost of sales, with a small portion recorded as research and development expense depending on the use of the technology under license. Some of these agreements also have minimum raw material purchase requirements and requirements to perform specific types of research.

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At December 31, 2014, we had commitments to purchase goods or services, and for future minimum guaranteed royalties. They are as follows:

(in thousands)	Purchase Commitments	Licensing Commitments
2015	$ 71,569	$ 1,783
2016	17,785	1,787
2017	9,222	1,737
2018	8,174	1,600
2019	7,420	1,531
Thereafter		2,116
Total licensing and purchase commitments at December 31, 2014	$ 114,170	$ 10,554

The information for the comparative period is provided below:

(in thousands)	Purchase Commitments	Licensing Commitments
2014	$ 80,525	$ 2,600
2015	17,498	556
2016	13,924	581
2017	9,912	581
2018	8,340	581
Thereafter	9,161	1,241
Total licensing and purchase commitments at December 31, 2013	$ 139,360	$ 6,140

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in Note 5, we could be required to make additional contingent cash payments totaling up to $88.4 million based on the achievement of certain revenue and operating results milestones as follows: $24.9 million in 2015, $25.7 million in 2016, $15.5 million in 2017, $22.3 million, payable in any 12-month period from now until 2029 based on the accomplishment of certain revenue targets. Of the $88.4 million total contingent obligation, we have assessed the fair value at December 31, 2014 to be $17.5 million, of which $10.0 million is included in other non-current liabilities and $7.5 million is included in other current liabilities in the accompanying balance sheet.

Employment Agreements

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2014, the commitment under these agreements totaled $15.5 million (2013: $15.7 million).

Contingencies

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

Preacquistion Contingencies

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

Litigation

From time to time, we may be party to legal proceedings incidental to our business. As of December 31, 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

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possible losses that we could incur as a result of these matters. We accrue for any estimated loss when it is probable that a liability has been incurred and that the amount of the probable loss can be estimated. Based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on QIAGEN s financial position or results of operations.

20. Share-Based Payments

We adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the 2005 Plan) in 2005 and the QIAGEN N.V. 2014 Stock Plan (the 2014 Plan) in 2014. The 2005 Plan will expire by its terms in April 2015, at which time no further awards will be able to be granted under the 2005 Plan. The plans allow for the granting of stock rights and incentive stock options, as well as non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, options vest over a three-year period. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date all option grants have been at the market value on the grant date or at a premium above the closing market price on the grant date. We issue Treasury Shares to satisfy option exercises and had approximately 14.1 million shares of common stock reserved and available for issuance under the 2005 Plan at December 31, 2014.

Stock Options

During the years ended December 31, 2013, we granted 543,903 stock options. No stock options were granted in 2014. The following are the weighted-average assumptions used in valuing the stock options granted to employees for the year ended December 31:

	2013
Stock price volatility	27.59%
Risk-free interest rate	1.184%
Expected life (in years)	6.08
Dividend rate	0%
Forfeiture rate	4.1%

A summary of the status of employee stock options as of December 31, 2014 and 2013, and changes during the years then ended is presented below:

	Stock Options (in thousands)	**Weighted Average Exercise Price US$**
Outstanding at January 1, 2014	**3,394**	**$ 17.54**
Exercised	**(791)**	**$ 15.26**
Forfeited	**(53)**	**$ 18.97**
Expired	**(19)**	**$ 16.61**
Outstanding at December 31, 2014	**2,531**	**$ 18.23**
Vested at December 31, 2014	**2,056**	**$ 18.10**
Vested and expected to vest at December 31, 2014	**2,514**	**$ 18.23**
Outstanding at January 1, 2013	5,333	$ 14.61
Granted	544	$ 20.26
Exercised	(2,398)	$ 10.59
Forfeited	(46)	$ 20.19
Expired	(39)	$ 16.93

Outstanding at December 31, 2013	3,394	$	17.54
Vested at December 31, 2013	2,321	$	16.99
Vested and expected to vest at December 31, 2013	3,344	$	17.54

Generally, stock option grants are valued as a single award with a single average expected term and are amortized over the vesting period. The weighted-average grant-date fair value of options granted during the years ended December 31, 2013 was $5.79. The total intrinsic value of options exercised during the years ended December 31, 2014 and 2013 was $6.3 million and $25.3 million, respectively. At December 31, 2014, the unrecognized share-based compensation expense related to employee stock option awards including estimated forfeitures is approximately $1.2 million and will be recognized over a weighted average period of approximately 0.95 years.

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At December 31, 2014, and 2013, 2.1 million and 2.3 million options were exercisable at a weighted average price of $18.10 and $16.99 per share, respectively. The options outstanding at December 31, 2014 expire in various years through 2023.

Stock Units

Stock units represent rights to receive Common Shares at a future date and include restricted stock units which are subject to time-vesting only and performance stock units which include performance conditions in addition to time-vesting. There is no exercise price and the fair market value at the time of the grant is recognized over the requisite vesting period, generally three to five years, and in certain grants 10 years. The fair market value is determined based on the number of restricted stock units granted and the market value of our shares on the grant date. Pre-vesting forfeitures were estimated to be approximately 5.4% (2013: 4.7%). At December 31, 2014, there was $104.8 million remaining in unrecognized compensation cost including estimated forfeitures related to these awards, which is expected to be recognized over a weighted average period of 2.7 years (2013: $123.4 million over a weighted average of 3.0 years). The weighted average grant date fair value of restricted stock units granted during the year ended December 31, 2014 was $22.73 (2013: $21.27). The total fair value of restricted stock units released during the years ended December 31, 2014 and 2013 was $34.1 million and $22.6 million, respectively.

A summary of stock units as of December 31, 2014 and 2013, and changes during the year then ended are presented below:

(in thousands)	**2014**	**2013**
Outstanding at January, 1st	**9,696**	6,921
Granted	**1,696**	4,296
Released	**(1,528)**	(1,097)
Forfeited	**(704)**	(424)
Outstanding at December 31st	**9,160**	9,696
Vested and expected to vest at December 31st	**7,727**	8,561

Compensation Expense

Share-based compensation expense for the years ended December 31, 2014 and 2013 totaled approximately $44.3 million and $43.8 million, respectively as shown in the table below. No share-based compensation cost was capitalized in inventory in 2014 and 2013 as the amounts were not material.

(in thousands)	**2014**	**2013**
Cost of sales	**$ 2,808**	$ 4,165
Research and development	**6,670**	8,696
Sales and marketing	**9,210**	12,344
General and administrative	**25,584**	18,561
Share-based compensation expense before taxes	**44,272**	43,766
Income tax benefit	**1,227**	4,987
Net share-based compensation expense	**$ 43,045**	$ 38,779

21. Employee Benefits and Personnel Costs

We maintain various benefit plans, including defined contribution and defined benefit plans. Our U.S. defined contribution plan is qualified under Section 401(k) of the Internal Revenue Code, and covers substantially all U.S. employees. Participants may contribute a portion of their compensation not exceeding a limit set annually by the Internal Revenue Service. This plan includes a provision for us to match a portion of employee contributions. Total expense under the 401(k) plans, including the plans acquired via business acquisitions, was $2.1 million and $1.7 million for the years ended December 31, 2014 and 2013, respectively. In 2013, the total expense was lower partially due to matching amounts which were funded from forfeited amounts. We also have a defined contribution plan which covers certain executives. We make matching contributions up to an established maximum. Matching contributions made to the plan, and expensed, totaled approximately $0.3 million in each year ended December 31, 2014 and 2013.

We have four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, we calculate the vested benefits to which employees are entitled if they separate immediately. The benefits accrued on a pro-rata basis during the employees employment period are based on the individuals salaries, adjusted for inflation. The liability under the defined benefit plans was $5.0 million at December 31, 2014 and $4.3 million at December 31, 2013.

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Personnel Costs

Personnel costs amounted to $449.1 million in 2014 (2013: $450.8 million). As of December 31, 2014, there were 4,339 employees within the Group (2013: 4,015).

(in thousands)	2014	2013
Salaries and wages	**$ 259,894**	$ 252,009
Social security	**51,185**	48,696
Share-based payment expense	**44,272**	43,766
Termination costs	**6,512**	26,883
Other	**87,219**	79,441
Personnel Costs	**$ 449,082**	$ 450,795

The personnel costs are allocated to the functional areas in which the respective employees are working or in the case of the incremental termination benefits which are the result of restructuring activities as discussed in Note 6 are recorded in cost of sales and general and administrative, restructuring, integration and other costs.

22. Related Party Transactions

In June 2013, we collected $1.6 million from a loan receivable due from a company in which we also hold an interest.

During 2012 we entered into a development and license agreement with a company in which we also hold an interest. Under the terms of this agreement we paid a total of $7.7 million in 2013.

From time to time, we have transactions with other companies in which we hold an interest all of which are individually and in the aggregate immaterial, as summarized in the table below:

(in thousands)	2014	2013
Net sales	$ 1,567	$ 6,193
Accounts receivable	$ 1,797	$ 5,680
Accounts payable	$ 1,397	$ 537

Compensation of Directors and Officers

Total compensation for members of the Managing Board and Supervisory for the period ended December 31, 2014, amounts to $18.5 million (2013: $15.8 million) as shown in the table below. Total non-periodical remuneration according to Dutch Civil Code included in total compensation for the period ended December 31, 2014 was $3.3 million (2013: $5.0 million).

Remuneration of the Managing Board

The tables below state the amounts earned on an accrual basis by our Managing Board members in 2014 and 2013.

For the year ended December 31, 2014 (in US$ thousands, except for number of award grants)	Peer M. Schatz	Roland Sackers
Fixed Salary	1,375	601
Other [(1)]	5	45
Total fixed income 2014	**1,380**	**646**

Short-term variable cash bonus	570	210
Total short-term income 2014	**1,950**	**856**
Defined contribution on benefit plan	86	89
Number of restricted stock units granted 2014	*383,469*	*116,344*
Related recognized compensation expense	1,683	511

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

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

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

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

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

Remuneration of the Supervisory Board

The following table summarizes the total compensation paid to the members of the Supervisory Board in 2014[(1)] and 2013:

For the year ended December 31, 2014 (in US$ thousands, except for number of share grants)	**Fixed remuneration**	**Chairman / vice chairman committee**	**Committee membership**	**Total**	***Number of restricted stock units granted***	**Related recognized compensation expense [(2)]**
Stéphane Bancel	$ 57.5		24.0	$ 81.5	*10,000*	$ 33.1
Dr. Werner Brandt	$ 96.7	16.3	2.0	$ 115	*10,000*	$ 33.1
Dr. Metin Colpan	$ 57.5	6.0		$ 63.5	*10,000*	$ 33.1
Prof. Dr. Manfred Karobath	$ 65.8	18.0	9.0	$ 92.8	*10,000*	$ 33.1
Prof. Dr. Elaine Mardis	$ 28.8		3.0	$ 31.8		$
Lawrence A. Rosen	$ 57.5	16.7	5.0	$ 79.2	*10,000*	$ 33.1
Elizabeth E. Tallett	$ 57.5		26.0	$ 83.5	*10,000*	$ 33.1
Prof. Dr. Detlev Riesner	$ 46.3	4.0	1.0	$ 51.3	*10,000*	$ 102.8

(1) Former Supervisory Director and Chairman of the Board Prof. Dr. Dr. h.c. Detlev Riesner did not stand for re-election at the Annual General Meeting in 2014. Prof. James E. Bradner, M.D. was not a member of the Supervisory Board as of December 31, 2014. He will be proposed for election at the Company s Annual General Meeting in June 2015.

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

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For the year ended December 31, 2013 (in US$ thousands, except for number of share grants)	Fixed remuneration	Chairman / vice chairman committee	Meeting attendance	Committee membership	Subcommittee meeting attendance	Total	*Number of restricted stock units granted*	Related recognized compensation expense (1)
Stéphane Bancel	$ 20.5		5.5	3.4	1.4	$ 30.8		$
Dr. Werner Brandt	$ 41.1	24.0	8.2			$ 73.3	*10,000*	$ 41.5
Dr. Metin Colpan	$ 41.1		9.6		4.1	$ 54.8	*10,000*	$ 41.5
Prof. Dr. Manfred Karobath	$ 41.1	3.4	9.6	6.8	5.5	$ 66.4	*10,000*	$ 137.2
Lawrence A. Rosen	$ 20.5		6.9	5.1		$ 32.5		$
Elizabeth E. Tallett	$ 41.1		8.2	17.1		$ 66.4	*10,000*	$ 72.9
Prof. Dr. Detlev Riesner	$ 41.1	27.4	9.6		5.5	$ 83.6	*10,000*	$ 137.2

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

Supervisory Board and Managing Board members interests in QIAGEN N.V. shares

Share Ownership

The following table sets forth certain information as of January 31, 2015 concerning the ownership of Common Shares by our directors and officers. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned Number	Percent Ownership
Peer M. Schatz, Germany	2,128,664	0.92%
Roland Sackers, Germany	15,000	*
Dr. Werner Brandt, Germany	18,508	*
Dr. Metin Colpan, Germany	4,154,674	1.79%
Professor Dr. Manfred Karobath, Austria	12,728	*

* Indicates that the person beneficially owns less than 0.5% of the Common Shares issued and outstanding as of January 31, 2015.

23. 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, undesignated derivative contracts used to hedge currency and interest rate risk

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and derivative financial instruments entered into in connection with the Cash Convertible Notes discussed in Note 24, which are classified in Level 2 of the fair value hierarchy, and contingent consideration accruals which are classified in Level 3 of the fair value hierarchy, and are shown in the tables below.

In determining fair value for Level 2 instruments, we apply a market approach, using quoted active market prices relevant to the particular instrument under valuation, giving consideration to the credit risk of both the respective counterparty to the contract and the Company. To determine our credit risk we estimated our credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, our credit risk was quantified by reference to publicly-traded debt with a corresponding rating. The Level 2 derivative financial instruments include the Call Options asset, the Warrants liability and the embedded conversion option liability. See Note 15, Financial Debts , and Note 24, Financial Risk Factors and Use of Financial Statement Derivatives , for further information. The derivatives are not actively traded and are valued based on an option pricing model that uses observable market data for inputs. Significant market data inputs used to determine fair values as of December 31, 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.

Our Level 3 instruments include contingent consideration liabilities. We value contingent consideration liabilities using unobservable inputs, applying the income approach, such as the discounted cash flow technique, or the probability-weighted scenario method. Contingent consideration arrangements obligate us to pay the sellers of an acquired entity if specified future events occur or conditions are met such as the achievement of technological or revenue milestones. We use various key assumptions, such as the probability of achievement of the milestones and the discount rate, to represent the non-performing risk factors and time value when applying the income approach. We regularly review the fair value of the contingent consideration, and reflect any change in the accrual in the consolidated statements of income in the line items commensurate with the underlying nature of milestone arrangements. The maximum amount of contingent consideration relating to business combinations is disclosed in Note 19 Commitments and Contingencies.

As of December 31, 2014, we held the following financial instruments carried at fair value on the statement of financial position:

(in thousands)	**2014**	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets, current	$ 184,036	$ 3,885	$ 180,151	$
Call Option	147,707		147,707	
Foreign exchange contracts	46,802		46,802	
Interest rate contracts	3,294		3,294	
Assets	**$ 381,839**	**$ 3,885**	**$ 377,954**	**$**
Foreign exchange contracts	10,547		10,547	
Cash Conversion Option	149,450		149,450	
Warrants	125,121		125,121	
Contingent consideration	17,477			17,477
Liabilities	**$ 302,595**	**$**	**$ 285,118**	**$ 17,477**

As of December 31, 2013, we held the following financial instruments carried at fair value on the statement of financial position:

(in thousands)	**2013**	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets, current	$ 49,923	$ 8,550	$ 41,373	$
Foreign exchange contracts	2,533		2,533	
Assets	**$ 52,456**	**$ 8,550**	**$ 43,906**	**$**
Foreign exchange contracts	14,518		14,518	

Contingent consideration	6,127			6,127
Liabilities	**$ 20,645**	**$**	**$ 14,518**	**$ 6,127**

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For liabilities with Level 3 inputs, the following table summarizes the activity as of December 31, 2014 and 2013:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Contingent Consideration (in thousands)	2014	2013
Beginning balance as at January 1st	**$ 6,127**	$ 18,983
Additions from acquisitions	**13,057**	2,065
Payments	**(457)**	(3,834)
Gain included in earnings	**(1,162)**	(11,127)
Foreign currency translation	**(88)**	40
Acquisition related costs as at December 31st	**$ 17,477**	$ 6,127

For the year ended December 31, 2014, $10.0 million is included in other non-current liabilities and $7.5 million is included in other current liabilities. During 2014, gains for the reduction in the fair value of contingent consideration totaling $1.2 million were recognized in cost of sales. For the year ended December 31, 2013, the gains of $11.1 million were recognized in earnings as follows: $10.6 million in cost of sales and $0.5 million in general and administrative, restructuring, integration and other.

24. Financial Risk Factors and Use of Derivative Financial Instruments

24.1. Financial Risks

Market risk

Our market risk relates primarily to interest rate exposures on cash, short-term investments and borrowings and foreign currency exposures. Financial risk is centrally managed and is regulated by internal guidelines which require a continuous internal risk analysis. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign exchange rates. Exposures are managed through operational methods and financial instruments relating to interest rate and foreign exchange risks. In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and interest rates. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. All derivatives are recognized as either assets or liabilities in the balance sheet and are measured at fair value with any change in fair value recognized in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. In determining fair value, we consider both the counterparty credit risk and our own creditworthiness.

Foreign currency exchange rates

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

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

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

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes of relevant risk variables on profit or loss and shareholders equity. Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Company s presentation currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which QIAGEN has financial instruments.

QIAGEN is exposed to currency risks from financial derivatives. If each of the respective currency pairs for which the Company has financial derivatives in place, which do not qualify for hedge accounting in accordance with IAS 39, varied from the rates used for the preparation of the consolidated financial statements, this would have had an effect on the net income of the Company. If, at December 31, 2014, the U.S. dollar had gained or lost 10 % against all identified major currencies, the estimated effect would have been approximately $22.1 million gain or $27.0 million loss, respectively (2013: $47.3 million gain or $57.8 million loss). Any effect would have been almost fully off-set by corresponding valuation adjustments in the positions, which economically had been hedged by these financial derivatives. Accordingly, the net effect of such variance in currency rates would not have been material.

Interest rates

The Company is exposed to interest rate risk by floating rate financial debt and floating rate financial assets. This exposure is managed by varying the proportion of fixed and floating rate debt, while all non-derivative financial assets pay interest on floating rates. Net financial income earned on the Company s net financial assets is generally affected by changes in the level of interest rates, principally the Euro and the U.S. dollar interest rate.

At December 31, 2014, we had $393.7 million in cash and cash equivalents (2013: $331.0 million). Interest income earned on our cash investments is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment securities. A hypothetical adverse 10% movement in market interest rates would not materially impact earnings.

Borrowings against lines of credit are at variable interest rates. We had insignificant amounts outstanding against our lines of credit at December 31, 2014 and 2013. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2014, we had $1,157.0 million in current and non-current financial debt (2013: $845.5 million). A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

Liquidity risk

To date, we have funded our business primarily through internally generated funds, debt and the private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including acquisitions. As of December 31, 2014 and 2013, we had cash and cash equivalents of $393.7 million and $331.0 million, respectively, and investments in current marketable securities of $184.0 million and $49.9 million, respectively. Cash and cash equivalents are primarily held in Euros and U.S. dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. As of December 31, 2014 and 2013, we had working capital of $664.6 million and $526.0 million, respectively.

In December 2011, we entered into a 400.0 million syndicated multi-currency revolving credit facility expiring December 2019 of which no amounts were utilized December 31, 2014. We have additional credit lines totaling 36.6 million with no expiration date, none of which was utilized as of December 31, 2014. We also have finance lease obligations, including interest, in the amount of $6.0 million (2013: $18.3 million), and repayment obligations of $1,157.0 million for current and non-current financial debt (2013: $845.5 million).

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

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers. There were no significant concentrations of credit risk during the reporting period. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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Credit risk is managed on Company basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Counterparty risk

We define counterparty risk as the part of credit risk that results from financial transactions. It includes the credit risk that arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions and furthermore the issuer risk on debt securities, settlement risk on derivative and money market transactions. Counterparty risk is managed by dealing only with entities that have been approved internally by the CFO and the continuous monitoring of the counterparties credit standing as evidenced by public credit ratings, share prices and credit default swap levels. We believe that all of our counterparties represent a good credit risk and we therefore do not expect any losses due to non-performance by these counterparties.

Fair values

The fair values of financial assets and financial liabilities are determined in accordance with the accounting policies stated under Notes 3.12 and 3.13, respectively.

Equity prices

The Warrants issued as part of the Call Spread Overlay discussed in Note 15 and Note 24.2 expose us to income statement volatility due to changes in our own equity price. Changes in the fair value of the Warrants are recognized in other financial expense, net.

Commodities

The Company has exposures to price risk related to anticipated purchases of certain commodities used as raw materials in its business. A change in commodity prices may alter the gross margin, but due to the limited exposure to any single raw material, a price change is unlikely to have a material unforeseen impact on the Company s earnings.

24.2. Use of Derivative Financial Instruments

Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and interest bearing assets or liabilities. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with our global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. We 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 December 31, 2014 and 2013, we did not have any derivatives that were accounted for as hedging instruments. The cash flows derived from derivative are classified in the operating section of the consolidated statements of cash flows.

Interest Rate Derivatives

We use interest rate derivative contracts to align our portfolio of interest bearing assets and liabilities with our risk management objectives. We have entered into interest rate swaps in which we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. During 2014, we entered into interest rate swaps, which effectively fixed the fair value of $200.0 million of our fixed rate private placement debt. As of December 31, 2014, the $200.0 million notional swap amount had an aggregate fair value of $3.3 million which is recorded in other financial income in the accompanying consolidated statements of income.

Call Spread Overlay

We entered into Call Options during 2014 which, along with the sale of the Warrants, represent the Call Spread Overlay entered into in connection with the Cash Convertible Notes and which are more fully described in Note 15. We used $105.2 million of the proceeds from the issuance of the Cash Convertible Notes to pay the premium for the Call Options, and simultaneously received $68.9 million (net of issuance costs) from the sale of the Warrants, for a net cash outlay of $36.3 million for the Call Spread Overlay. The Call Options are intended to offset cash payments in excess of the principal amount due upon any conversion of the Cash Convertible Notes.

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

The Call Options, for which our common stock is the underlying security, are a derivative asset that requires mark-to-market accounting treatment due to the cash settlement features until the Call Options settle or expire. The Call Options are measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the Call Options, refer to Note 23. The fair value of the Call Options at December 31, 2014 was approximately $147.7 million which is recorded in other non-current assets in the accompanying consolidated balance sheet. For the year ended December 31, 2014, the change in the fair value of the Call Options resulted in gains of $42.5 million recognized in other financial expense, net.

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 $68.9 million are included as other non-current liabilities in the accompanying balance sheet as of December 31, 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 fair value of the Warrants at December 31, 2014 was approximately $125.1 million which is recorded in other non-current liabilities in the accompanying consolidated balance sheet. For the year ended December 31, 2014, the change in the fair value of the Warrants resulted in losses of $55.7 million recognized in other financial expense, net.

Cash Convertible Notes Embedded Cash Conversion Option

The embedded cash conversion option 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 in other (expense) income, net until the cash conversion option settles or expires. For further discussion of the Cash Convertible Notes, refer to Note 15. The initial fair value liability of the embedded cash conversion option was $105.2 million, which simultaneously reduced the carrying value of the Cash Convertible Notes (effectively an original issuance discount). The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. For further discussion of the inputs used to determine the fair value of the embedded cash conversion option, refer to Note 23. The fair value of the embedded cash conversion option at December 31, 2014 was approximately $149.5 million which is recorded in other non-current liabilities in the accompanying balance sheet. For the year ended December 31, 2014, the change in the fair value of the embedded cash conversion option resulted in losses of $44.3 million recognized in other financial expense, net.

Foreign Currency Derivatives

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

We are party to various foreign exchange forward, option and swap arrangements which had, at December 31, 2014, an aggregate notional value of $1.3 billion and fair value of $46.8 million included in prepaid expenses and other current assets and $10.5 million included in other current liabilities, respectively, and which expire at various dates through December 2015.

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

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Fair Values of Derivative Instruments

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

	Derivatives in Asset Positions Fair value		Derivatives in Liability Positions Fair value	
(in thousands)	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Undesignated derivative instruments				
Interest rate contracts	**$ 3,294**	$	**$**	$
Call spread overlay	**147,707**		**(125,121)**	
Cash conversion options			**(149,450)**	
Foreign exchange contracts	**46,802**	2,533	**(10,547)**	(14,518)
Total derivative instruments	**$ 197,803**	$ 2,533	**$ (285,118)**	$ (14,518)

Gains and Losses on Derivative Instruments

The following tables summarize the classification and gains and losses on derivative instruments for the years ended December 31, 2014 and 2013:

Year-Ended December 31, 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				
Interest rate contracts	n/a	Other (expense) income, net	n/a	**$ 3,294**
Call spread overlay	n/a	Other (expense) income, net	n/a	**(1,743)**
Foreign exchange contracts	n/a	Other (expense) income, net	n/a	**61,713**
				$ 63,264

Year-Ended December 31, 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	n/a	Other expense / income, net	n/a	$ (19,409)

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25. Additional Information for Financial Instruments

The tables below present the carrying amounts, measurements in accordance with IAS 39 and fair values as of December 31, 2014 and 2013:

December 31, 2014 (US$ thousands)	Category	Total Carrying Amount	Amortized Cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	393,705	393,705		
Available-for-sale assets	AfS	202,660		18,624	184,036
Trade accounts receivable	LaR	265,231	265,231		
Derivatives, undesignated	FVTPL	197,803			197,803
Liabilities					
Financial debts	FLAC	(1,157,005)	(1,157,005)		(1,403,466)
Finance lease obligations	N/A	(5,130)	(5,130)		
Trade accounts payable	FLAC	(46,124)	(46,124)		
Derivatives, undesignated	FVTPL	(285,118)			(285,118)
Contingent consideration	FVTPL	(17,477)			(17,477)
Aggregated by category					
Loans and Receivables (LaR)		658,936	658,936		
Available-for-Sales Financial Assets (AfS)		202,660		18,624	184,036
Financial Liabilities measured at Amortized Cost (FLAC)		(1,203,129)	(1,203,129)		
Instruments at fair value through profit or loss (FVTPL)		(104,792)			(104,792)

December 31, 2013 (US$ thousands)	Category	Total Carrying Amount	Amortized Cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	330,962	330,962		
Available-for-sale assets	AfS	65,299		15,376	49,923
Trade accounts receivable	LaR	259,710	259,710		
Derivatives, undesignated	FVTPL	2,533			2,533
Liabilities					
Financial debts	FLAC	(845,483)	(845,483)		(1,023,437)
Finance lease obligations	N/A	(16,296)	(16,296)		
Trade accounts payable	FLAC	(50,869)	(50,869)		
Derivatives, undesignated	FVTPL	(14,518)			(14,518)
Contingent consideration	FVTPL	(6,127)			(6,127)
Aggregated by category					
Loans and receivables (LaR)		590,672	590,672		
Available-for-sales financial assets (AfS)		65,299		15,376	49,923
Financial liabilities measured at amortized cost (FLAC)		(896,352)	(896,352)		
Instruments at fair value through profit or loss (FVTPL)		(18,112)			(18,112)

Cash and cash equivalents, notes receivable, trade accounts receivable and other assets have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

Investments in unquoted equity instruments shown as available-for-sale assets are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is estimated that the carrying amounts of these investment approximate their fair values.

The fair values of other non-current assets correspond to the present values of the payments related to the assets, taking into account the current interest rate parameters that reflect market and partner-based changes to terms and conditions and expectations.

Trade accounts payable generally have short times to maturity; the value reported approximates the fair value.

The fair values of the quoted financial debts equal the nominal amounts multiplied by the price quotations at the reporting date. The fair values of other financial liabilities are calculated as the present values of the payments associated with the liabilities.

As of December 31, 2014 and 2013, fair values of financial debts amount to $1,403.5 million and $1,023.4 million, respectively. The carrying amounts of all other financial assets and financial liabilities approximate their fair values.

As of December 31, 2014 and 2013, there are no significant concentrations of risks arising from financial instruments.

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The table below presents the carrying amounts of financial instruments and their fair values as of December 31, 2014 and 2013:

	December 31, 2014		December 31, 2013	
(in US$ thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	**393,705**	**393,705**	330,962	330,962
Available-for-sale assets	**202,660**	**202,660**	65,299	65,299
Trade accounts receivable	**265,231**	**265,231**	259,710	259,710
Derivatives measured at fair value through profit or loss	**197,803**	**197,803**	2,533	2,533
Financial liabilities				
Financial debts	**(1,157,005)**	**(1,403,466)**	(845,483)	(1,023,437)
Finance lease obligations	**(5,130)**	**(5,130)**	(16,296)	(16,296)
Trade accounts payable	**(46,124)**	**(46,124)**	(50,869)	(50,896)
Contingent consideration	**(17,477)**	**(17,477)**	(6,127)	(6,127)
Instruments measured at fair value through profit or loss	**(285,118)**	**(285,118)**	(14,518)	(14,518)

Net Results by Category

December 31, 2014

	Subsequent Measurement				
(in thousands)	From interest	**At fair value**	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	$ 4,981	$	$	$	$ 4,981
Available-for-sales financial assets (AfS)			(6,000)		(6,000)
Financial liabilities measured at amortized cost (FLAC)	(35,617)				(35,617)
Net result	**$ (30,636)**	**$**	**$ (6,000)**	**$**	**$ (36,636)**

Interest from financial instruments is recognized in financial expense.

The Company recognizes the other components of net gain/loss in other financial income/expense, except for impairments of trade receivables that are classified as loans and receivables which are reported under general and administrative, restructuring, integration and other expense.

The information for the comparative period is provided below:

December 31, 2013

	Subsequent Measurement				
(in thousands)	From interest	At fair value	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	$ 4,789	$	$	$	$ 4,789
Available-for-sales financial assets (AfS)			(3,343)		(3,343)
Financial liabilities measured at amortized cost (FLAC)	(30,309)				(30,309)
Net result	**$ (25,520)**	**$**	**$ (3,343)**	**$**	**$ (28,863)**

26. Capital Management

The primary objectives of the Group s capital management are to safeguard the Group s ability to continue as a going concern and to ensure financial flexibility to execute the Group s strategic growth targets. We regularly review our capital structure to ensure a low cost of capital to enhance shareholder value. The Group s overall strategy remains unchanged from 2013 and we are not subject to any externally imposed capital requirements. All common shares issued are fully paid.

In December 2014 we amended and extended the maturity of our 400 million syndicated revolving credit facility, which now has a contractual lifetime until December 2019 of which no amounts were utilized at December 31, 2014. The facility can be utilized in euro, U.K. pound or U.S. dollar and bears interest of 0.40% to 1.20% above three months EURIBOR, or LIBOR in relation to any loan not in euro, and is offered with interest periods of one, two, three, six or twelve months. We have additional

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credit lines totaling 36.6 million with no expiration date, none of which were utilized as of December 31, 2014. We also have capital lease obligations, including interest, in the aggregate amount of $6.0 million, and carry $1.2 billion of long-term debt, of which $130.8 million is current as of December 31, 2014.

In March 2014, we completed the repurchase of $293.9 million notional amount of the 2006 Notes discussed in Note 15. In order to finance the repurchase and also raise $300 million of net proceeds, we issued $730 million of new senior unsecured cash settled convertible notes, $430 million of which are due in 2019 and bear interest at an annual rate of 0.375% and $300 million of which are due in 2021 and bear interest at an annual rate of 0.875%. The net proceeds from these transactions, which are designed to secure long-term financing at low interest rates and neutralize potential dilution from the 2006 Notes, are planned to be used for general corporate purposes.

Additionally during 2013 and 2014, we continued with our share repurchase programs as discussed in Note 17. Repurchased shares will be held in treasury in order to satisfy various obligations, which include exchangeable debt instruments and employee share-based remuneration plans.

An important indicator of capital management efforts is the ratio of shareholders equity compared to total assets as shown in the consolidated statement of financial position:

(in thousands, except of ratio)	**2014**	**2013**
Shareholders equity attributable to equity holders of the parent	**$ 2,584,389**	$ 2,777,385
Total Assets	**$ 4,445,286**	$ 4,091,506
Shareholders equity ratio in %	**58%**	68%

27. Subsequent Events

In January 2015, we launched an offer to repurchase all of the outstanding convertible notes due 2024 to optimize our balance sheet by reducing the related potential share dilution. Concurrently, all of the outstanding 2004 Notes were tendered, and we currently expect to make approximately $250 million of cash payments from existing reserves for the repurchase.

In February 2015, QIAGEN Marseille, a fully consolidated entity, agreed to the sale of all its business, including all assets and liabilities, with the exception of its intellectual property portfolio. The value of the transaction has been fixed at 1.2 million.

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28. Consolidated Companies

The following is a list of the Company s subsidiaries as of December 31, 2014, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company Name	Jurisdiction of Incorporation	Ownership
AmniSure International LLC	USA	100%
Cellestis Limited	Australia	100%
Cellestis GmbH	Germany	100%
Cellestis Inc.	USA	100%
CLC Bio	Denmark	100%
Enzymatics, Inc.	USA	100%
Intelligent BioSystem, Inc.	USA	100%
QIAGEN Australia Holding	Australia	100%
QIAGEN AB	Sweden	100%
QIAGEN Inc. (Canada)	Canada	100%
QIAGEN Deutschland Holding GmbH	Germany	100%
QIAGEN Gaithersburg, Inc.	Delaware	100%
QIAGEN GmbH	Germany	100%
QIAGEN Hamburg GmbH	Germany	100%
QIAGEN, U.S. Finance Holdings	Luxemburg	100%
QIAGEN, Finance (MALTA) Ltd	Malta	100%
QIAGEN, Inc. (USA)	USA	100%
QIAGEN Instruments AG	Switzerland	100%
QIAGEN K.K.	Japan	100%
QIAGEN Lake Constance GmbH	Germany	100%
QIAGEN Ltd.	UK	100%
QIAGEN Manchester Ltd.	UK	100%
QIAGEN Marseille[1]	France	90.27%
QIAGEN Mexico	Mexico	100%
QIAGEN North American Holdings Inc.	USA	100%
QIAGEN Pty. Ltd.	Australia	100%
QIAGEN Redwood City, Inc.	USA	100%
QIAGEN SA	France	100%
QIAGEN Sciences, LLC	USA	100%
QIAGEN Shenzhen Co. Ltd.	China	100%
QIAGEN SpA	Italy	100%
Quanta Biosciences, Inc.	USA	100%
SABiosciences	USA	100%

1 Amounts related to non-controlling interests did not represent a material component of the consolidated financial statements in the years ended December 31, 2014 and 2013.

29. Fees Paid to External Auditors

The service fees recognized in the consolidated financial statements 2014 and 2013 for the Ernst & Young network are as follows:

(in millions)	**2014**	**2013**
Audit fees	**$ 0.9**	$ 1.2
Audit related fees	**0.5**	0.6
Tax fees	**0.2**	0.3
All other fees	**0.4**	1.8

Total	**$ 2.0**	$ 3.9

Audit-related fees consist of fees and expenses billed for assurance and related services that are related to the performance of the audit or review of QIAGEN s financial statements and include consultations concerning financial accounting and reporting standards and review of the opening balance sheets of newly acquired companies.

Tax fees include fees and expenses billed for tax compliance services, including assistance on the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals.

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All other fees include various fees and expenses billed for services as approved by the Audit Committee and as allowed by the Sarbanes-Oxley Act of 2002. In 2014, $0.4 million of audit-related fees are related to the convertible bond issuance in the first quarter 2014. The vast majority of payments in 2013 in other fees involved services for major information technology projects, which were phased down in 2014.

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Signatures

Venlo, the Netherlands, March 30, 2015

QIAGEN N.V.

Peer M. Schatz	Roland Sackers
Chief Executive Officer	Chief Financial Officer

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COMPANY FINANCIAL STATEMENTS

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COMPANY FINANCIAL STATEMENTS

BALANCE SHEETS and INCOME STATEMENTS

(in thousands)

	Note	December 31, 2014	December 31, 2013
BALANCE SHEETS			
Assets			
Other intangible assets	(2)	$ 511	$ 771
Goodwill	(3)	99,195	109,293
Property, plant and equipment	(4)	167	139
Non-current available-for-sale financial instruments	(5)	9,669	10,515
Other non-current assets		155,045	
Financial assets	(6)	2,847,185	2,151,775
Total non-current assets		**3,111,772**	2,272,493
Prepaid expenses and other current assets		49,469	7,214
Receivables from Group Companies		430,347	804,532
Current available-for-sale financial instruments	(5)	180,151	41,373
Cash and cash equivalents		153,015	115,129
Total current assets		**812,982**	968,248
Total assets		**3,924,754**	3,240,741
Shareholders equity and liabilities			
Common shares	(8)	3,185	3,183
Share premium		1,948,698	1,960,465
Retained earnings		853,418	848,354
Net income for the period		45,133	46,016
Legal reserves	(10)	30,425	34,854
Other reserves	(10)	(129,280)	1,126
Treasury shares		(167,190)	(116,613)
Total shareholders equity		**2,584,389**	2,777,385
Long-term debt	(7)	1,026,240	400,000
Other non-current liabilities		274,572	
Deferred tax liabilities		316	
Total non-current liabilities		**1,301,128**	400,000
Payables to Group Companies		19,673	41,489
Accrued liabilities		18,830	21,386
Trade accounts payable		734	481
Total current liabilities		**39,237**	63,356
Total liabilities		**1,340,365**	463,356

Total shareholders equity and liabilities	**$**	**3,924,754**	$	3,240,741
INCOME STATEMENTS				
Net income from investments (after tax)	**$**	**55,276**	$	123,423
Other income (after tax)		(10,143)		(77,407)
Net income for the period	**$**	**45,133**	$	46,016

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

QIAGEN N.V.

COMPANY FINANCIAL STATEMENTS

STATEMENTS OF CHANGES IN EQUITY

(in thousands)

	Common shares		Share premium	Retained earnings	Net Income	Legal reserves	Other reserves	Treasury shares		Total shareholders equity
	Shares	Amount						Shares	Amount	
BALANCE AT JANUARY 1, 2013	**236,487**	**$ 3,041**	**$ 1,884,547**	**$ 706,403**	**$ 126,191**	**$ 51,061**	**$ 48,843**	**(1,943)**	**$ (35,653)**	**$ 2,784,433**
Appropriation of prior year net income				126,191	(126,191)					
Net income for the period					46,016					46,016
Allocation to legal reserves				16,207		(16,207)				
Effect from foreign currency translation		99		(371)			(47,717)			(47,989)
Purchase of treasury shares								(4,149)	(86,029)	(86,029)
Stock awards and options	2,266	43	75,918	(76)				275	5,069	80,954
BALANCE AT DECEMBER 31, 2013	**238,753**	**$ 3,183**	**$ 1,960,465**	**$ 848,354**	**$ 46,016**	**$ 34,854**	**$ 1,126**	**(5,817)**	**$ (116,613)**	**$ 2,777,385**

	Note	Common shares		Share premium	Retained earnings	Net income	Legal reserves	Other reserves	Treasury shares		Total shareholders equity
		Shares	Amount						Shares	Amount	
BALANCE AT JANUARY 1, 2014		**238,753**	**$ 3,183**	**$ 1,960,465**	**$ 848,354**	**$ 46,016**	**$ 34,854**	**$ 1,126**	**(5,817)**	**$ (116,613)**	**$ 2,777,385**
Appropriation of prior year net income					46,016	(46,016)					
Net income for the period						45,133					45,133
Allocation to legal reserves	(10)				4,429		(4,429)				
Effect from foreign currency translation			2					(129,524)			(129,522)
Effect from pension reserve								(882)			(882)
									(5,558)	(126,889)	(126,889)

Purchase of treasury shares										
Stock awards and options			48,815	(33,266)				2,318	45,395	60,944
Issuance of shares under convertible debt				(12,115)				1,373	30,917	18,802
Redemption of convertible debt			(60,582)							(60,582)
BALANCE AT DECEMBER 31, 2014	**238,753**	**$ 3,185**	**$ 1,948,698**	**$ 853,418**	**$ 45,133**	**$ 30,425**	**$ (129,280)**	**(7,684)**	**$ (167,190)**	**$ 2,584,389**

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

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QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. Accounting Policies

The financial statements of QIAGEN N.V. (the Company) included in this section are prepared in accordance with IFRS accounting principles as used in the QIAGEN N.V. Consolidated Financial Statements, considering the provisions of part 9 of Book 2 of the Dutch Civil Code.

Subsidiaries are accounted for using the net equity value in these Company Financial Statements.

As the financial data of QIAGEN N.V. is included in the Consolidated Financial Statements, the income statement of QIAGEN N.V. is condensed and includes only the net income from investments after tax and other income after tax in conformity with section 402 of Book 2 of the Dutch Civil Code.

2. Other Intangible Assets

Intangible assets represent developed technology, patent rights and licenses. There were no additions to intangible assets during the reporting periods 2014 and 2013. The historic cost of patent rights and licenses as of December 31, 2014 and 2013 was $8.1 million. The accumulated amortization as of December 31, 2014 and 2013 amounted to $7.6 million and $7.3 million, respectively. Amortization charge considered during 2014 was $0.3 million (2013: $0.3 million).

3. Goodwill

Goodwill development during the reporting period 2014 and 2013 was as follows:

(in thousands)	**2014**	**2013**
Goodwill as at January, 1st	**$ 109,293**	**$ 57,424**
Increase	1,735	48,485
Purchase price adjustments	(270)	
Currency adjustments	(11,563)	3,384
Goodwill as at December, 31st	**$ 99,195**	**$ 109,293**

In 2014, goodwill increased in connection with the merger of consolidated group companies and the purchase price adjustments are related to the 2013 acquisition of CLC bio. In 2013, goodwill increased in connection with the acquisition of CLC bio.

4. Property, Plant and Equipment

The changes in property, plant and equipment are as follows for the years ended December 31, 2014 and 2013:

(in thousands)	**2014**	**2013**
Beginning Balance	**$ 139**	$ 179
Additions	**90**	11

Depreciation	**(62)**	(51)
Net book value	**$ 167**	$ 139

The historic cost as of December 31, 2014 and 2013 for property, plant and equipment was $0.4 million and $0.4 million, respectively. Accumulated depreciation as of December 31, 2014 and 2013 was $0.3 million and $0.2 million, respectively.

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5. Available-for-sale Financial Instruments

At December 31, 2014, the Company had short-term investments in unquoted debt securities which had a fair market value and cost of approximately $180.2 million (2013: $41.4 million) in current available-for-sale financial instruments. At December 31, 2014, the Company holds investments of $9.7 million for non-controlling interests in privately-held companies which are classified as non-current available-for-sale equity securities (2013: $10.5 million). The investments are accounted for under the cost-method.

(in thousands)	2014	2013
Unquoted equity securities	**$ 9,669**	$ 10,515
Unquoted debt securities	**180,151**	41,373
Available-for-sale financial Instruments	**$ 189,820**	$ 51,888
thereof current Afs financial instruments	**$ 180,151**	$ 41,373
thereof non-current Afs financial instruments	**$ 9,669**	$ 10,515

6. Financial Assets

The financial assets are presented in the statements of financial position based on either their net asset value in accordance with the aforementioned accounting principles of the Consolidated Financial Statements, or at amortized cost.

(in thousands)	Total	Investments in subsidiaries	Participation interest	Loans receivable
January 1, 2013	**$ 2,262,057**	**$ 1,914,090**	**$ 3,921**	**$ 344,046**
Increases	121,970	114,935	1,045	5,990
Decreases	(56,522)			(56,522)
Dividends received	(98,026)	(98,026)		
Share of net profit	(77,791)	(77,407)	(384)	
Translation adjustments	87	87		
December 31, 2013	**$ 2,151,775**	**$ 1,853,679**	**$ 4,582**	**$ 293,514**

(in thousands)	Total	Investments in subsidiaries	Participation interest	Loans receivable
January 1, 2014	**$ 2,151,775**	**$ 1,853,679**	**$ 4,582**	**$ 293,514**
Increases	1,043,165	657,882		385,283
Decreases	(286,523)	(12,947)	(711)	(272,865)
Dividends received	(50,849)	(50,849)		
Share of net profit	(10,383)	(10,143)	(240)	
December 31, 2014	**$ 2,847,185**	**$ 2,437,622**	**$ 3,631**	**$ 405,932**

7. Long-Term Debt

Information on the long-term debt of $400.0 million related to the Private Placement and $626.2 million related to the Cash Convertible Notes due in 2019 and 2021 are provided under Note 15 to the Consolidated Financial Statements of the Group.

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8. Common Shares

The authorized classes of our shares consist of Common Shares, Preference Shares and Financing Preference Shares. No Financing Preference Shares or Preference Shares have been issued. The Company had the following authorized shares issued and outstanding as per end of December 31, 2014:

Authorized, (in thousands)	**2014**	**2013**
Common shares	410,000	410,000
Preference shares	450,000	450,000
Financing preference shares	40,000	40,000
At December 31st	**900,000**	**900,000**

Issued and outstanding, (in thousands)	**2014**	**2013**
Common shares issued	239,707	239,707
Treasury shares	(7,684)	(5,817)
Outstanding at December 31st	**232,023**	**233,890**

Par value in EUR per share	**2014**	**2013**
Common shares	0.01	0.01
Preference shares	0.01	0.01
Financing preference shares	0.01	0.01

Par value (in thousands)	**2014**	**2013**
Common shares issued at December 31st in EUR	2,397	2,397
Common shares issued at December 31st in USD	3,185	3,183

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9. Subsidiaries

The following is a list of the Company s subsidiaries as of December 31, 2014, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company	Country	Ownership	Voting Rights
AmniSure International LLC	USA	100%	100%
Cellestis Limited	Australia	100%	100%
Cellestis GmbH	Germany	100%	100%
Cellestis Inc.	USA	100%	100%
CLC Bio	Denmark	100%	100%
Enzymatics, Inc.	USA	100%	100%
Intelligent BioSystem, Inc.	USA	100%	100%
QIAGEN Australia Holding	Australia	100%	100%
QIAGEN AB	Sweden	100%	100%
QIAGEN Inc. (Canada)	Canada	100%	100%
QIAGEN Deutschland Holding GmbH	Germany	100%	100%
QIAGEN Gaithersburg, Inc.	USA	100%	100%
QIAGEN GmbH	Germany	100%	100%
QIAGEN Hamburg GmbH	Germany	100%	100%
QIAGEN, U.S. Finance Holdings	Luxemburg	100%	100%
QIAGEN, Finance (MALTA) Ltd	Malta	100%	100%
QIAGEN, Inc. (USA)	USA	100%	100%
QIAGEN Instruments AG	Switzerland	100%	100%
QIAGEN K.K.	Japan	100%	100%
QIAGEN Lake Constance GmbH	Germany	100%	100%
QIAGEN Ltd.	UK	100%	100%
QIAGEN Manchester Ltd.	UK	100%	100%
QIAGEN Marseille	France	90.27%	90.27%
QIAGEN Mexico	Mexico	100%	100%
QIAGEN North American Holding Inc.	USA	100%	100%
QIAGEN Pty. Ltd.	Australia	100%	100%
QIAGEN Redwood City, Inc.	USA	100%	100%
QIAGEN SAS	France	100%	100%
QIAGEN Sciences LLC	USA	100%	100%
QIAGEN Shenzhen Co. Ltd.	China	100%	100%
QIAGEN Srl	Italy	100%	100%
Quanta Biosciences, Inc.	USA	100%	100%
SA Biosciences	USA	100%	100%

10. Legal Reserve and Other Reserves

Legal reserves as of December 31, 2014 and December 31, 2013 were $30.4 million and $34.9 million, respectively. The legal reserves were set up in connection with capitalized development expenses of $4.4 million in 2014 and $16.2 million in 2013.

Other reserves as of December 31, 2014 and December 31, 2013 were $(129.3) million and $1.1 million, respectively, and include the amounts as shown in the table below.

(in thousands)	2014	2013
Cumulative foreign currency translation adjustment	**$ (128,398)**	$ 1,126
Pension reserve	**(882)**	
Other reserves	**$ (129,280)**	$ 1,126

11. Employee Information

The average number of employees during the year 2014 was 18 (2013: 19).

12. Remuneration of Directors and Officers

Information on remuneration of the members of the Managing and Supervisory Board is provided under Note 22 to the Consolidated Financial Statements of the Group.

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13. Audit Fees

At our 2014 Annual General Meeting of Shareholders held on June 25, 2014, our shareholders appointed Ernst & Young Accountants LLP to serve as our auditors for the fiscal year ended December 31, 2014. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young Network:

	2014		**2013**	
(in thousands)	E&Y Network	E&Y LLP Netherlands	E&Y Network	E&Y LLP Netherlands
Audit fees	**$ 827**	**$ 84**	$ 1,082	$ 79
Audit-related fees	**132**		585	
Tax fees	**111**		275	
All other fees	**845**		1,883	
Service fees to external auditors	**$ 1,915**	**$ 84**	$ 3,825	$ 79

Fees for audit and review of financial statements consist of fees and expenses billed for the annual audit and quarterly review of QIAGEN s consolidated financial statements. They also include fees billed for other audit services, which are those services that only the statutory auditor can provide, and include the review of documents filed with the Securities Exchange Commission.

14. Guarantees

In connection with the issuance of convertible notes by QIAGEN Finance (Luxembourg) S.A. in 2004 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

The Company has granted a guarantee to the lenders in the 400 million syndicated revolving credit facility as security for any drawings under such facility of its subsidiaries. No amounts had been borrowed by any subsidiary of the Company under such facility as of December 31, 2014.

Signatures

Venlo, the Netherlands, March 30, 2015

QIAGEN N.V.

Peer M. Schatz

Chief Executive Officer

Roland Sackers

Chief Financial Officer

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OTHER INFORMATION

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Appropriation of Net Income

According to Article 40 till 42 of the articles of association, the allocation of net income will be as follows. Subject to certain exceptions, dividends may only be paid out of profits as shown in our annual report as adopted by the General Meeting of Shareholders. Distributions may not be made if the distribution would reduce the shareholders equity below the sum of the paid-up capital and any reserves required by Dutch Law or the Articles.

Out of profits, dividends must first be paid on any outstanding Preference Shares (the Preference Share Dividend) in a percentage (the Preference Share Dividend Percentage) of the obligatory amount (call) paid up on such shares at the beginning of the fiscal year in respect of which the distribution is made. The Preference Share Dividend Percentage is equal to the Average Main Refinancing Rates during the financial year for which the distribution is made. Average Main Refinancing Rate shall be made understood to mean the average value on each individual day during the financial year for which the distribution is made of the Main Refinancing Rates prevailing on such day. Main Refinancing Rate shall be understood to mean the rate of the Main Refinancing Operation as determined and published from time to time by the European Central Bank. If and to the extent that profits are not sufficient to pay the Preference Share Dividend in full, the deficit shall be paid out of the reserves, with the exception of any reserve, which was formed as share premium reserve upon the issue of Financing Preference Shares. If in any fiscal year the profit is not sufficient to make the distributions referred to above and if no distribution or only a partial distribution is made from the reserves referred to above, such that the deficit is not fully made good no further distributions will be made as described below until the deficit has been made good.

Out of profits remaining after payment of any dividends on Preference Shares such amounts shall be kept in reserve as determined by the Supervisory Board. Out of any remaining profits not allocated to reserve, a dividend shall be paid on the Financing Preference Shares in a percentage over the par value, increased by the amount of share premium that was paid upon the first issue of Financing Preference Shares, which percentage is related to the average effective yield on the prime interest rate on corporate loans in the United States as quoted in the Wall Street Journal. If and to the extent that the profits are not sufficient to pay the Financing Preference Share Dividend in full, the deficit may be paid out of the reserves if the Managing Board so decides with the approval of the Supervisory Board, with the exception of the reserve which was formed as share premium upon the issue of Financing Preference Shares.

Insofar as the profits have not been distributed or allocated to the reserves as specified above, they are at the free disposal of the General Meeting of Shareholders, provided that no further dividends will be distributed on the Preference Shares or the Financing Preference Shares.

The General Meeting may resolve, on the proposal of the Supervisory Board, to distribute dividends or reserves, wholly or partially, in the form of QIAGEN shares.

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Subsequent Events

Based on the Company s review, no events or transactions have occurred subsequent to December 31, 2014 other than those described in Note 27 to the Consolidated Financial Statements, that would have a material impact on the financial statements as presented.

Venlo, the Netherlands, March 30, 2015

QIAGEN N.V.

Peer M. Schatz Roland Sackers

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INDEPENDENT AUDITOR S REPORT

To: The shareholders and Supervisory Board of QIAGEN N.V.

Report on the Audit of the Financial Statements 2014

Our opinion

We have audited the financial statements 2014 of QIAGEN N.V. (the Company), based in Venlo. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

The consolidated financial statements give a true and fair view of the financial position of QIAGEN N.V. as at 31 December 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The company financial statements give a true and fair view of the financial position of QIAGEN N.V. as at 31 December 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated balance sheet as at 31 December 2014

2 the following statements for 2014: consolidated statements of income, comprehensive income, cash flows and changes in equity

3 the notes, comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

1 the company balance sheet on 31 December 2014

2 the company income statement for 2014

3 the notes, comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of QIAGEN N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at US$ 7.5 million. The materiality is based on 5% of normalized pre-tax income (excluding the fair value changes on financial instruments and other one-time income and expense). We have also taken into account misstatements and/or possible misstatements that are in our opinion material for the users of the financial statements for qualitative reasons.

We communicated with the Supervisory Board that misstatements in excess of US$ 375,000, which are identified during the audit, would be reported to them as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

QIAGEN N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of QIAGEN N.V.

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Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly concentrated on the significant group entities QIAGEN GmbH and QIAGEN North America Holdings. We performed review procedures at two group entities and specific audit procedures at twelve group entities. We have used the work of other EY firms in our audit. Based on the scoping as described above we achieved coverage of 81.1% of pre-tax income, 75.1% of revenues and 94.1% of total assets.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group s financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sensitivities with respect to the valuation of goodwill and other indefinite life intangible assets

Under EU-IFRS, QIAGEN is required to annually test the amount of goodwill and indefinite life intangible assets for impairment. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions.

As a result, our audit procedures included, among others, using a valuation expert to assist us in evaluating the assumptions and methodologies used by QIAGEN, in particular those relating to the forecasted revenue growth and profit margins for consumables sales and instrumentation sales.

We also focused on the adequacy of QIAGEN s disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill such as growth and discount rates. We have verified that these disclosures are sufficient and provide sufficient information about the choice of the assumptions and the sensitivity of the assumptions to the valuation.

QIAGEN s disclosures about goodwill are included in Note 12 of the financial statements.

Acquisition of Enzymatics

As described in Note 5, in December 2014, QIAGEN acquired 100% of the outstanding common shares of Enzymatics, a U.S. company whose products are used in next generation sequencing (NGS) workflows. The Enzymatics portfolio complements QIAGEN s offering of NGS products, advancing QIAGEN s strategy to drive the adoption of NGS in clinical healthcare.

As of December 31, 2014, the allocation of the purchase price is not yet finalized. The preliminary allocation of the purchase price is based upon preliminary estimates using information that was available to management at the time the financial statements were prepared and these estimates and assumptions are subject to change within the measurement period, up to one year from the acquisition date. Accordingly, the allocation may change. Acquisition-related costs are expensed when incurred and are included in general and administrative, restructuring, integration and other in the accompanying consolidated income statements.

We focused on this transaction because it is material to the consolidated financial statements as a whole. We evaluated the assumptions that underlie the initial acquisition accounting and the useful lives associated with the acquired intangible assets which involves significant management judgment. Furthermore, we evaluated management s assessment of the fair value of the contingent consideration by validating the underlying historical data and challenging management s assumptions such as forecasts of the business perspectives of the acquired business. We also focused on the adequacy of QIAGEN s disclosures supporting the acquisition accounting.

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Revenues

The Company s revenues can be broadly broken down into consumables sales and instrumentation sales. Certain other revenue transactions include multiple-element revenue arrangements, patent or IP sales and non-monetary exchange transactions. These revenue transactions are often manually recorded outside of the regular, highly automated revenue process and are usually more complex or subjective.

Our audit procedures of these transactions included assessing the appropriateness of the Company s revenue recognition policies with respect to multiple element arrangements and recognition of IP sales or royalties. We tested internal controls and performed substantive procedures relating to contractual terms and conditions, achievement of milestones, customer acceptance and the appropriate accounting hereof.

Furthermore we assessed sales transactions taking place before and after year-end to ensure that revenue was recognized in the appropriate period. Revenue recognition policies are included in note 3.5 of the financial statements.

Responsibilities of management and the Supervisory Board for financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Concluding on the appropriateness of management s use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor s report. However, future events or conditions may cause an the Company to ceasing to continue as a going concern.

Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required Part 9 of Book 2 of the Dutch Civil Code has been annexed.

We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Supervisory Board as auditor of QIAGEN N.V. in June 2002, as of the audit for year 2003 and have operated as statutory auditor ever since that date. Regular rotation of the signing partner is one of the important measures to ensure our independence as statutory auditor of QIAGEN. The last internal partner rotation took place in 2013.

Venlo, 30 March 2015

Ernst & Young Accountants LLP

N. van Es

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SIGNATURES

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

QIAGEN N.V.

BY: /s/ Roland Sackers
Roland Sackers
Chief Financial Officer

Date: July 30, 2015