Bio-Rad Laboratories
Annual Report 2011

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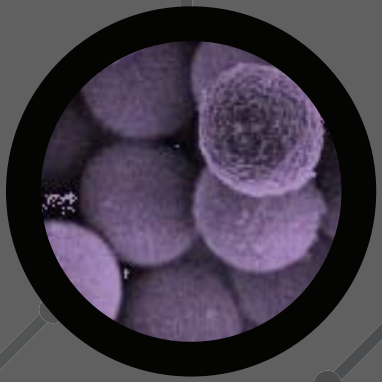
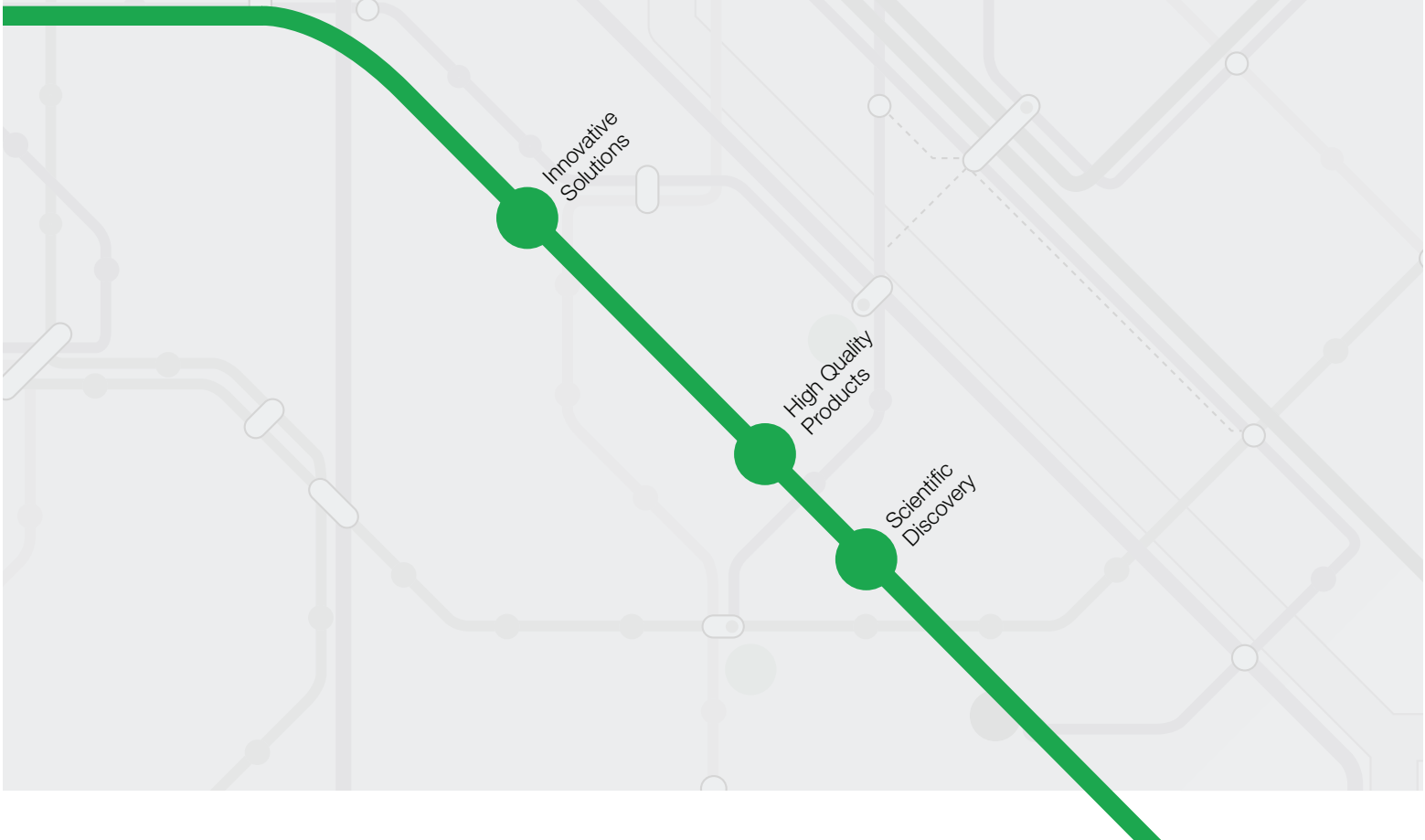


# A Guide to Bio-Rad's Success in 2011

FOR OVER HALF A CENTURY, BIO-RAD HAS CHARTED A COURSE OF PROGRESS AND GROWTH THAT HAS LED THE COMPANY IN MANY IMPORTANT DIRECTIONS. ON EACH OF THESE PATHWAYS, EVERY STEP ALONG THE WAY HAS REPRESENTED A CONTINUING EVOLUTION IN OUR EFFORTS TO CONSISTENTLY OFFER HIGH QUALITY PRODUCTS AND SERVICES FOR THE ADVANCEMENT OF SCIENTIFIC DISCOVERY AND THE IMPROVEMENT OF HEALTHCARE.

IN 2011, WE CONTINUED THE JOURNEY, DELIVERING THE INNOVATIVE PRODUCTS AND SOLUTIONS OUR CUSTOMERS HAVE ASKED FOR, FROM AUTOMATING PROCESSES TO DEVELOPING TESTS WITH GREATER SPEED, ACCURACY, AND SENSITIVITY—ALL OF WHICH LEADS TO THE ULTIMATE DESTINATION: BETTER HEALTHCARE FOR ALL.

BUT, THEN, THAT'S ONLY JUST THE START.



# Letter To Our Shareholders

As we predicted, 2011 was a challenging year. However, amid all the natural disasters, economic upheaval, and geopolitical changes, we continued to make progress. In fact, we reached a real milestone in the Company's history, passing the $2 billion mark in revenue. Some of you may remember that it was 2004 when we crossed the $1 billion threshold. Our growth of 7.6% this year is modest by recent historical standards, but respectable given the economic turmoil around us.

2011 was a year of resolve, as we continued to watch our costs. At the same time, we made key, strategic investments, including in R&D, which grew to $186.4 million for the year. During the year, we introduced more than 130 new products and systems and were granted 27 new patents, bringing our total intellectual property portfolio to just over 1,000 patents. Manufacturing and procurement continued to be priorities for us as we expanded investments in facilities and global operations to support growth and to increase our purchasing power. Additionally, we launched a major project to globalize our business systems (ERP), to help us leverage our size and diversity.

Late in the year, we were successful in acquiring an exciting and innovative new technology called droplet digital PCR, which promises to extend our leadership position and reach in the important area of DNA amplification. Droplet digital PCR allows scientists to distinguish rare sequences in tumors and precisely measure copy number variation. During the summer, we introduced several additional PCR thermal cyclers that enhance usability through the incorporation of touch-screen technology, including the C1000 Touch™ thermal cycler, which offers extremely high thermal performance for large, high-throughput labs. On the other end of the spectrum, the compact T100™ thermal cycler is small and well-suited for researchers who prefer to have a personal instrument on their bench.

In the area of diagnostics, we were pleased to receive FDA Premarket Application approval for our fourth-generation HIV assay, a test that detects both HIV antigens and HIV antibodies, offering earlier detection of HIV infections.

While the worldwide economic malaise is expected to continue for 2012, we have a lot to look forward to, in this, our 60th year of operation. With the acquisition of Biotest in 2010, for example, our entry into the U.S. market for blood typing continues to bear fruit as we become more established in this very important market. We are beginning to roll out our new website and increase e-commerce capabilities to the rest of the world, giving our customers improved tools with which to interact with us. We are just at the starting gate with the introduction of droplet digital PCR technology, and have a full lineup of products in the pipeline for introduction in 2012.

As we enter this milestone year, we have spent some time looking back at the many roads we have traveled to get here. Each path has, in its own way, contributed to who we are as a company today. We can't predict the future or what new milestones we may achieve in our upcoming journeys, but we are confident that we are well positioned for whatever lies ahead. While many may feel we have reached a destination, we'd rather think that we are only just beginning.

We thank you for your continued interest and support.

Norman Schwartz
PRESIDENT

David Schwartz
CHAIRMAN OF THE BOARD

# Life Science Research

BIO-RAD'S LIFE SCIENCE GROUP OFFERS PRODUCTS THAT HELP RESEARCHERS ANSWER COMPLEX BIOLOGICAL QUESTIONS. MANY OF THESE PRODUCTS, WHICH SEPARATE, PURIFY, IDENTIFY, AND AMPLIFY BIOLOGICAL MATERIALS SUCH AS PROTEINS, NUCLEIC ACIDS, AND BACTERIA, ARE USED IN ESTABLISHED RESEARCH TECHNIQUES, BIOPHARMACEUTICAL PRODUCTION PROCESSES, AND FOOD TESTING.

Thermal Cyclers

In the early 1950s, when new insights were being made into the molecular structure of DNA, Bio-Rad founders David and Alice Schwartz were embarking on their own journey of discovery. Knowing firsthand the often tedious job of preparing samples for analysis, the couple set about to create a company that would provide scientists with the tools they needed to conduct their research.

From these humble beginnings, over a half-century ago, Bio-Rad has continued to develop products that help researchers make more productive use of their time, and ultimately, accelerate the process of discovery. Today, the company is an internationally recognized leader in its field.

Nowhere is that leadership more apparent than in the market for **thermal cyclers**—Polymerase Chain Reaction (PCR) instruments—that replicate and amplify fragments of DNA. Since our first product was introduced in 1988, Bio-Rad has led the way in thermal cycler innovation, continuing to offer a unique family of products for PCR research with increased levels of ease and efficiency.

Separating DNA and proteins with a process called gel electrophoresis is another area in which Bio-Rad has over 30 years of leadership, offering the fastest separation and imaging capabilities available. Most recently, Bio-Rad introduced the **V3 Western Workflow™** system, a group of best-in-class products that, when used together, enable researchers to analyze their process in ways they were otherwise not able to do, saving time and generating more reliable and robust data. The V3 Western Workflow is centered around a common analytical technique called a "western blot", which is used to identify specific proteins and determine protein weight in a given sample.

The first step in the process of the V3 Western Workflow is performing electrophoresis using stain-free TGX™ precast gels to separate proteins. Next, researchers can visualize their separations using a Gel Doc™ EZ imaging system or ChemiDoc™ MP imaging system. The next step is the transfer of proteins from the gel to a more solid and stable membrane—a process that is now completed more quickly than ever thanks to Bio-Rad's ready-to-use **Trans-Blot® Turbo™ transfer system**. Afterward, there is more verification and validation to determine if the results are biologically relevant by defining the amount of protein present in a cell or tissue sample. The entire V3 Western Workflow delivers results in a single day—half the time of a traditional western blot process.

In the 1960s, with a focus on greater efficiency, higher reliability, and innovation, **continued on page 8**


**VISUALIZE, VERIFY, AND VALIDATE WITH THE V3 WESTERN WORKFLOW SYSTEM, OFFERING BEST-IN-CLASS PRODUCTS FOR ELECTROPHORESIS, BLOTTING, AND IMAGING AND UNMATCHED VALUE FOR RUNNING WESTERN BLOTS.**

SET UP IS AS EASY AS 1-2-3 WITH THE C1000 TOUCH THERMAL CYCLER, WHICH OFFERS SUPERIOR PERFORMANCE AND A LARGE COLOR TOUCH SCREEN FOR FAST AND EASY PROTOCOL PROGRAMMING.

## **AMPLIFYING DNA:** THE NEWEST GENERATION OF THERMAL CYCLERS

Polymerase Chain Reaction, or PCR, is a technique commonly used in a wide range of medical and biological research, from analysis and forensic investigation—where there may be only a few drops of blood available—to the basic study and identification of genes. Similar to the function of a photocopier, PCR amplifies selected sections of nucleic acid into thousands, millions, even billions of specific copies, so researchers have adequate samples with which to make specific proteins, compare gene sequences, and perform a variety of other applications. Bio-Rad has been an important contributor to this area for over two decades, supplying thermal cyclers, reagents, and related products.

The newest generation of PCR instrumentation made its debut in 2008 with Bio-Rad's innovative 1000-series thermal cycler platform, which for the first time allowed researchers to automate the writing of protocols used to amplify DNA. With the 1000-series thermal cyclers, all the researcher needed to do was enter the experiment's parameters and the device would automatically generate a "recipe" the instrument would use. As a result, researchers could achieve more accurate and reliable results—with shorter run times and optimized thermal performance.

Today, the C1000 Touch thermal cycler offers yet a new level of user-friendliness, with a streamlined, touch-screen interface and a minimum number of button clicks. This allows researchers to focus at a greater degree on their experiments—and not on their tools. In late 2011, Bio-Rad introduced a droplet digital PCR platform that takes PCR to the next level, by offering researchers the quantification of target molecules with unprecedented precision and sensitivity.

# Clinical Diagnostics

BIO-RAD'S CLINICAL DIAGNOSTICS GROUP PROVIDES A BROAD RANGE OF PRODUCTS THAT SERVE CLINICAL LABORATORIES IN THE GLOBAL DIAGNOSTICS MARKET. THESE PRODUCTS ADDRESS SPECIFIC NICHES WITHIN THE MEDICAL DIAGNOSTICS TEST MARKET AND CONSIST OF INSTRUMENTS, REAGENTS, AND SOFTWARE.

Platelia Dengue NS1 Ag Assay

HIV Screening

the company was led in another direction when it discovered a new market that was after similar benefits. Physicians and hospital pathologists at the time were seeking a more reliable method for determining thyroid function, an important measure of human metabolic activity. The first stop on this new journey was Bio-Rad's introduction of the T-4 (thyroxine) test, one of the first commercially available tests to accurately determine thyroid function. This product led to the formation of the company's Clinical Diagnostics Group, which in later years established itself as a leader in the field, offering products used for medical screening and diagnostics.

Case in point: **HIV screening**. Bio-Rad has a long history of providing laboratories the tools they need for HIV detection. In 2011, the company introduced to the U.S. market its fourth-generation HIV assay. Identifying both HIV antigens and HIV antibodies in the same test offers earlier detection of infections.

The detection of blood-borne diseases, which can be spread through the contamination of blood, is not the only area of blood testing for which Bio-Rad has developed products. For those laboratories testing blood for transfusions or to replace blood lost either during surgery or resulting from a critical injury, Bio-Rad created the **IH-1000 blood typing system**. This new approach to blood bank workflow is designed to help laboratories that are increasingly struggling to find qualified and experienced technicians.

The IH-1000 system utilizes the gold standard ID-System gel card technology, offering full automation, high throughput, and integrated quality control and validation software featuring an intuitive user interface. Its state-of-the-art robotic and mechanical systems ensure uninterrupted operations for walk-away convenience and reliability. Bio-Rad also offers the TANGO™ optimo automated blood typing system, which provides a high level of automation and is based on microplate technology.

One of the critical functions played by many of these labs is the screening and early detection of harmful viruses such as dengue fever, a viral disease that results in widespread infections every year in people located in tropical and subtropical regions around the world.

To combat its spread, Bio-Rad, in partnership with the National Center for Scientific Research (Centre National de la Recherche Scientifique, or "CNRS"), in France, introduced the **Platelia™ Dengue NS1 Ag assay**, a test shown to be over 90% effective in detecting the Dengue virus NS1 antigen as soon as the first clinical signs appear. **continued on page 13**


OPEN THE DOOR, LOAD THE SAMPLE, AND WALK AWAY; IT'S THAT EASY WITH THE IH-1000 AUTOMATED BLOOD TYPING SYSTEM, DESIGNED FOR HIGH-VOLUME BLOOD TESTING FOR OUR CUSTOMERS OUTSIDE THE U.S.


OVER 1 MILLION
PEOPLE LIVING WITH HIV
IN THE UNITED STATES

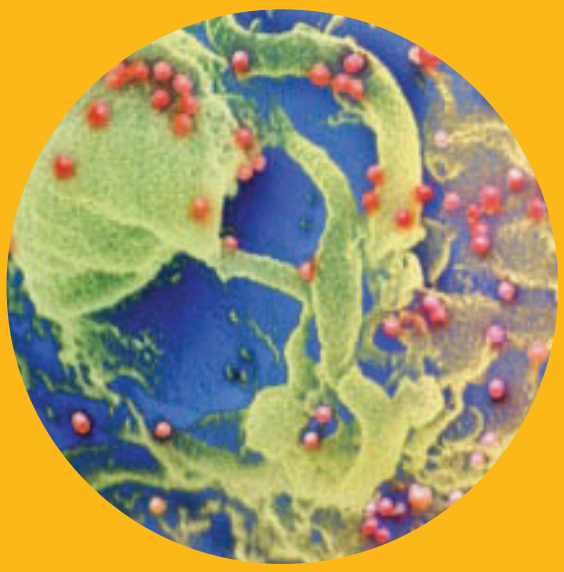
## **HIV SCREENING:** FASTER TO TREATMENT

According to the most recent information published by the World Health Organization, approximately 34 million people worldwide were estimated to be living with HIV in 2010. Early detection of the disease leads to early treatment and helps prevent new infections of the virus. But how to diagnose faster?

The body's immunological response to HIV is to produce antibodies—proteins used to fight infection—but that only happens after a sharp increase in the level of antigens—proteins that are part of the virus itself. These antigens are not detected by current, third-generation HIV assays. As a result, the HIV antigen window represents lost time for alerting patients, when they tend to be most infectious. This earlier detection reduces the likelihood of transmission.

With Bio-Rad's new fourth-generation HIV assay, both types of proteins can be found using the same test, resulting in faster diagnosis, in turn enabling HIV-infected individuals to get the treatment they need more quickly. At the same time, the assay contributes to the prevention of new infections of the virus.

THOSE INFECTED WITH HIV ARE MOST INFECTIOUS IN THE FIRST FEW MONTHS AND MANY ARE UNAWARE OF THEIR STATUS UNTIL LATER STAGES. BIO-RAD'S FOURTH-GENERATION HIV ASSAY OFFERS EARLY DETECTION SO THAT TREATMENT CAN BEGIN SOONER.



## AN APPLET FOR THAT: SUPPORTING OUR CUSTOMERS REMOTELY

From work to play to the routines of everyday life, we are all increasingly connected by technology. When our technological devices malfunction, all activity seems to grind to a stop.

In healthcare, where the stakes tend to be much higher, it is imperative that work does not stop—or not for long—when problems arise. Which is why Bio-Rad in 2011 introduced the BRiCare software applet, an application designed for the highest level of remote service and support, including customer training for both instruments and software.

With BRiCare, we can remotely and rapidly troubleshoot and solve problems and can proactively identify developing problems before they occur. This not only allows for a much faster response time, but also reduces costs by not requiring Bio-Rad engineers to be physically on site in order to resolve an issue.

# Customer Relationships

BIO-RAD'S STRONG AND LASTING RELATIONSHIPS WITH ITS CUSTOMERS HAVE THEIR ROOTS IN THE COMPANY PHILOSOPHY THAT VALUES THE PRINCIPLES OF INVOLVEMENT, INNOVATION, AND INDEPENDENCE. THESE CORE VALUES REFLECT THE WAY WE WORK AND WHO WE ARE. THEY REPRESENT OUR COMMITMENT NOT JUST TO EACH OTHER, BUT ALSO TO THOSE WHOM WE SERVE.

Nuvia Q

Partnerships such as the one we have with CNRS, are emblematic of how we approach our shared responsibilities for helping to improve scientific research and medical diagnostics—all leading to better healthcare. It all leads to our relationships with our customers: university and research institutions, hospitals, public health and commercial laboratories, other leading diagnostic manufacturers, and leading companies in the biotechnology, pharmaceutical, chemical, and food industries.

With all of these groups, we work closely with researchers and clinicians to understand how they conduct their research at a very deep level. A good example of this is our customer immersion process, in which Bio-Rad engineers travel to a customer's laboratory and observe how their researchers work. This careful level of observation provides a way for our engineers to notice details that the researchers themselves may not think to mention as feedback to us. Our compact, user-friendly and fast-starting T100 thermal cycler is the result of this deeper level of understanding of what our customers wanted. Its design was based not only on customer feedback, but on our observations of how it could contribute to the success of those who use it.

To further help those customers, in 2011 we introduced the **BRiCare software applet**. In addition to enabling us to support and train customers, the application allows us to monitor and remotely diagnose the performance of their instruments, thus eliminating the need for customers to wait for an engineer to arrive on site to get those instruments back up and producing results.

Another example of a project with strong customer input is the **Bio-Rad website**. This updated site continues to be heavily influenced by what our customers tell us they need and want: speed, efficiency, reliability, and, most importantly, access to the information they require. The result combines not only a unique information carousel display on the home page for immediate access to hot topics, but straightforward, intuitive navigation; accelerated and efficient searching; in-depth resources; and streamlined, information-rich product pages in a variety of languages.

We even help our customers help their customers. In August 2011, we introduced **Nuvia™ Q** media, an ultra-high capacity anion **continued on page 14**

# Innovation & Product Development

BUILT INTO OUR CHARTER AS ONE OF OUR THREE CORE VALUES, INNOVATION IS THE DRIVER OF BIO-RAD'S GROWTH AND SUCCESS. WE CONTINUOUSLY STRIVE TO APPLY NEW IDEAS, METHODS, AND TECHNOLOGY IN CREATIVE AND USEFUL WAYS, ALLOWING US TO OFFER A BROAD AND DIVERSIFIED RANGE OF PRODUCTS WITH OPTIMUM FUNCTIONALITY, QUALITY, EFFICIENCY, AND VALUE.

Agile Product Development

Science Advisory Board

TC10 Automated Cell Counter

exchange media that helps our customers purify large volumes of therapeutic proteins used to treat human diseases. This translates to lower production costs for our customers who can then pass along these cost savings to the consumer.

These products are examples of the kinds of innovative products and services—exemplified by the more than 1,000 patents the company owns—that not only meet our customers' needs, but exceed their expectations. Whether it is inventing a new, more efficient way to perform a common process or improving the way an instrument works, we are always looking to raise the bar on what is possible.

Take our new **QX100™ Droplet Digital™ PCR system**, for example. This next-generation PCR system offers a new level of precision in the quantification of target nucleic acid molecules, providing accurate determination of copy number variation. It also enables the detection of rare mutation events such as those seen in certain tumors.

Or take something even simpler: the need for researchers to count cells—to maintain populations in a tissue culture or to ensure an accurate number of cells used in the experiment. Traditionally, most scientists used a microscope and a device called a hemocytometer, manually "clicking" a counter as they counted cells in the hemocytometer grid. With Bio-Rad's **TC10™ automated cell counter**, this process is completely automated, requiring the scientist to do nothing more than inject a sample onto a slide, insert it into the device, and read the actual cell count of the sample.

Further innovation comes from our involvement with those outside the company. Bio-Rad's **Science Advisory Board**, for example—comprising representatives from major research and academic institutions—helps us brainstorm ideas, offers feedback and evaluations of new products, and provides insights on emerging trends.

Similarly, our relationship with CNRS has enabled us to jointly operate a research facility in Montpellier, France, giving us access to technologies that not only support our R&D activities in the fields of biostatistics and proteomics, but have led directly to the development of important new products and processes.

In upholding our commitment to using industry best practices, Bio-Rad employs the **Agile Product Development** design philosophy, which enables software and hardware developers to work with marketing in a **continued on page 19**

QX100 Droplet Digital PCR System

WITH THE COMPACT YET POWERFUL QX100 DROPLET DIGITAL PCR SYSTEM, RESEARCHERS CAN STUDY BIOLOGICAL SYSTEMS AT UNPRECEDENTED RESOLUTION.

## DETECTING RARE MUTATIONS:
## DROPLET DIGITAL PCR

In PCR experiments, precision is of paramount importance. It was once believed that genes occurred in pairs, with one gene from each parental chromosome forming that pair. But, later research, in particular, the Human Genome Project, revealed that there are in fact many duplications and deletions of sections of chromosomes within the human population. These duplications and deletions can result in wide ranges of gene copy number between individuals. Certain numbers of genes may be doubled, tripled, quadrupled, or more, and therefore affect the type and amount of a particular protein that results.

Accurate determination of copy number variation has been made much simpler by the use of Bio-Rad's QX100 Droplet Digital PCR system as demonstrated by the work of Dr. Michael Snyder of Stanford University.

By taking advantage of droplet digital PCR to understand the arrangements that occur between different genomes, he was able to measure and validate copy number variation that was only previously revealed by other more labor intensive—and less precise—techniques.

Beyond the ability to accurately determine copy number variation, droplet digital PCR also offers the ability to distinguish rare nucleic acid sequences and the absolute quantification of target DNA molecules with unprecedented precision and sensitivity.

Applications of these new capabilities will accelerate the development of new strategies for both diagnosing and treating inherited disorders, cancer, and infectious diseases.




EVERY DROPLET HAS AN ANSWER… DNA SAMPLES ARE PREPARED AND THEN LOADED INTO THE DROPLET GENERATOR. LATER, THE DROPLETS ARE AMPLIFIED USING A STANDARD THERMAL CYCLER.

## **DIABETES:** LEADING THE WAY IN MONITORING TREATMENT REGIMENS

In the United States, diabetes affects more than 25 million; worldwide, approximately 350 million suffer from the disease. Proper monitoring, treatment, and control allow many of these individuals to lead otherwise normal lives.

Part of that monitoring regimen is the measurement of A1C, a subset of a "glycosated" hemoglobin protein that had been shown to have elevated levels in diabetics, but was difficult and expensive to test. Bio-Rad was the first company to offer a test to the U.S. market that could measure A1C, a more precise indicator of average blood glucose levels over time.

As the new test became established as a useful clinical tool, test volumes increased rapidly, and we introduced a series of automated high-performance liquid chromatography (HPLC) platforms to further improve performance and laboratory efficiency.

Today, Bio-Rad advancements continue to lead the way in monitoring diabetes treatment regimens around the world.

**25**
MILLION
AMERICANS

**350**
MILLION
WORLDWIDE

Quality Controls

Multiplex Testing

Diabetes Monitoring

THIS IS THE REASON WE COME TO WORK EACH DAY: AN ABIDING DETERMINATION TO SEE THAT WHAT WE DO TRULY BENEFITS THE CONSUMERS OF OUR EFFORTS: SCIENTISTS AND CLINICIANS, TO BE SURE, BUT MOST IMPORTANTLY, PATIENTS AROUND THE WORLD. OUR PRODUCTS CONNECT RESEARCHERS AND DIAGNOSTICIANS TO THE SOLUTIONS THAT HELP PEOPLE LEAD LONGER, HEALTHIER LIVES.

# Better Healthcare

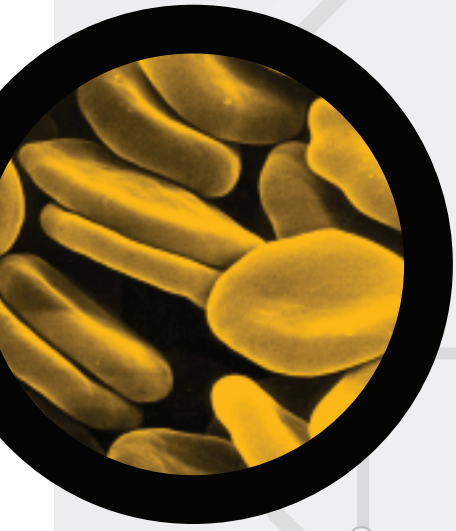
cross-functional approach. This process creates higher-quality products that better meet the needs of customers in a shorter period of time.

The outcome of all of these innovative new approaches to developing products is evident in the impact that they make on real human beings, with real health issues. Using Bio-Rad products, scientists who make advances in cancer research increase the survival rate for patients suffering from this complex and highly variable disease. Other researchers, who are working to identify specific disease biomarkers improve their methods when using Bio-Rad products.

For physicians treating patients who live every day with diseases such as diabetes in which they must take an active and daily role in their own therapy, Bio-Rad offers a series of market-leading products. In the field of **diabetes monitoring**, these instruments range from our D-10™ and VARIANT™ line of automated hemoglobin testing systems to the small, point-of-care in2it™ Analyzer, which can deliver results from a patient's sample within minutes in a physician's office.

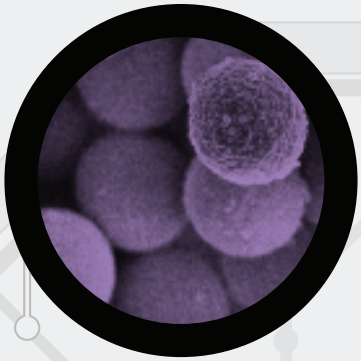
Similarly, through the development of the BioPlex® 2200 system, the only random access **multiplex testing** instrument of its kind, there is new hope for the millions of women and men worldwide who suffer from illnesses caused by autoimmune diseases. Because these diseases affect multiple body systems and produce highly divergent and often misleading symptoms, accurate diagnosis is a challenge at best. The BioPlex® 2200 ANA Screen with Medical Decision Support Software (MDSS) is the most comprehensive autoimmune product available, allowing clinical laboratories and doctors to provide patients with the most relevant information for better diagnoses of systemic autoimmune diseases, leading to faster, more targeted treatment solutions, enabling patients to live longer, healthier lives.

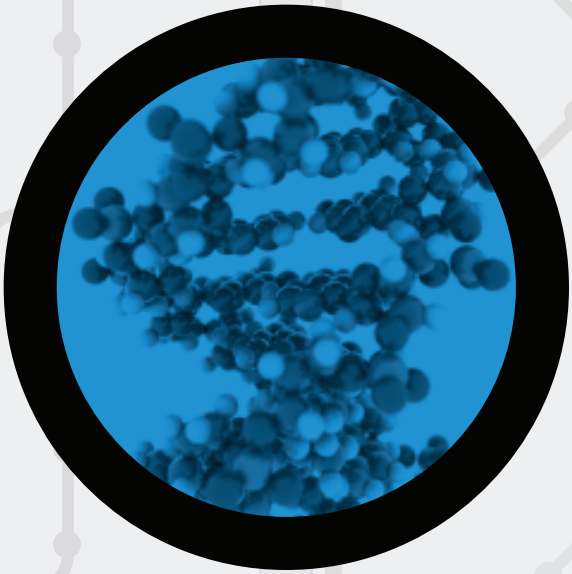
The most important measure of all of these systems may be the profound confidence that our customers have in them. Our highly regarded **Quality Controls** and informatics solutions offer advanced error detection, delivering dependable values and results that labs can rely on. This ensures that the most reliable data goes back to the physician or healthcare provider—and, most importantly, to the patient. To further enhance quality, we offer powerful software to monitor performance, so labs can feel confident that their instruments and reagents are working properly.



Scientific Progress

Diagnostics Improvements






# As we come to the end of Bio-Rad's 2011 journey,

we reflect on the many accomplishments we have achieved throughout the year and take pride in how they contributed to raising the level of healthcare throughout the world—even if only in the smallest increments, as measured by the precision of our instruments.

One of the most important lessons we've taken away from our experiences is that no matter where you start from, there are always new paths to follow, new opportunities along the way, and new discoveries to make. As long as you keep going forward, your real goal will always be met: the continuous improvement of people's health.

Welcome to 2012.

# The Business of Bio-Rad

BIO-RAD LABORATORIES HAS PLAYED A LEADING ROLE IN THE ADVANCEMENT OF SCIENTIFIC DISCOVERY FOR 60 YEARS BY PROVIDING A BROAD RANGE OF INNOVATIVE TOOLS AND SERVICES TO THE LIFE SCIENCE RESEARCH AND CLINICAL DIAGNOSTICS MARKETS.

Founded in 1952, Bio-Rad has a global team of more than 7,000 employees and serves more than 100,000 research and industry customers worldwide through its global network of operations. Throughout its existence, Bio-Rad has built strong customer relationships that advance scientific research and development efforts and support the introduction of new technology used in the growing fields of genomics, proteomics, drug discovery, food safety, medical diagnostics, and more.

**LIFE SCIENCES**

Bio-Rad's Life Science Group develops, manufactures, and markets a wide range of laboratory instruments, apparatus, and consumables used for research in functional genomics, proteomics, and food safety. The group ranks among the top five life science companies worldwide, and maintains a solid reputation for quality, innovation, and a longstanding focus on the success of its customers. Bio-Rad's life science products are based on technologies used to separate, purify, identify, analyze, and amplify biological materials such as proteins, nucleic acids, and bacteria. These technologies include electrophoresis, imaging, multiplex immunoassay, chromatography, microbiology, bioinformatics, protein function analysis, transfection, amplification, and real-time and droplet digital PCR. Bio-Rad products support researchers in laboratories throughout the world.

**CLINICAL DIAGNOSTICS**

The Clinical Diagnostics Group develops, manufactures, sells, and supports a large portfolio of products for medical screening and diagnostics. Bio-Rad is a leading specialty diagnostics company and its products are recognized as the gold standard for diabetes monitoring and quality control (QC) systems. The company is also well known for its blood virus testing and detection, blood typing, autoimmune and genetic disorders testing, and internet-based software products. Bio-Rad's clinical diagnostics products incorporate a broad range of technologies used to detect, identify, and quantify substances in bodily fluids and tissues. The results are used as aids to support medical diagnosis, detection, evaluation, and the monitoring and treatment of diseases and other medical conditions.

# 2011 Financial Highlights

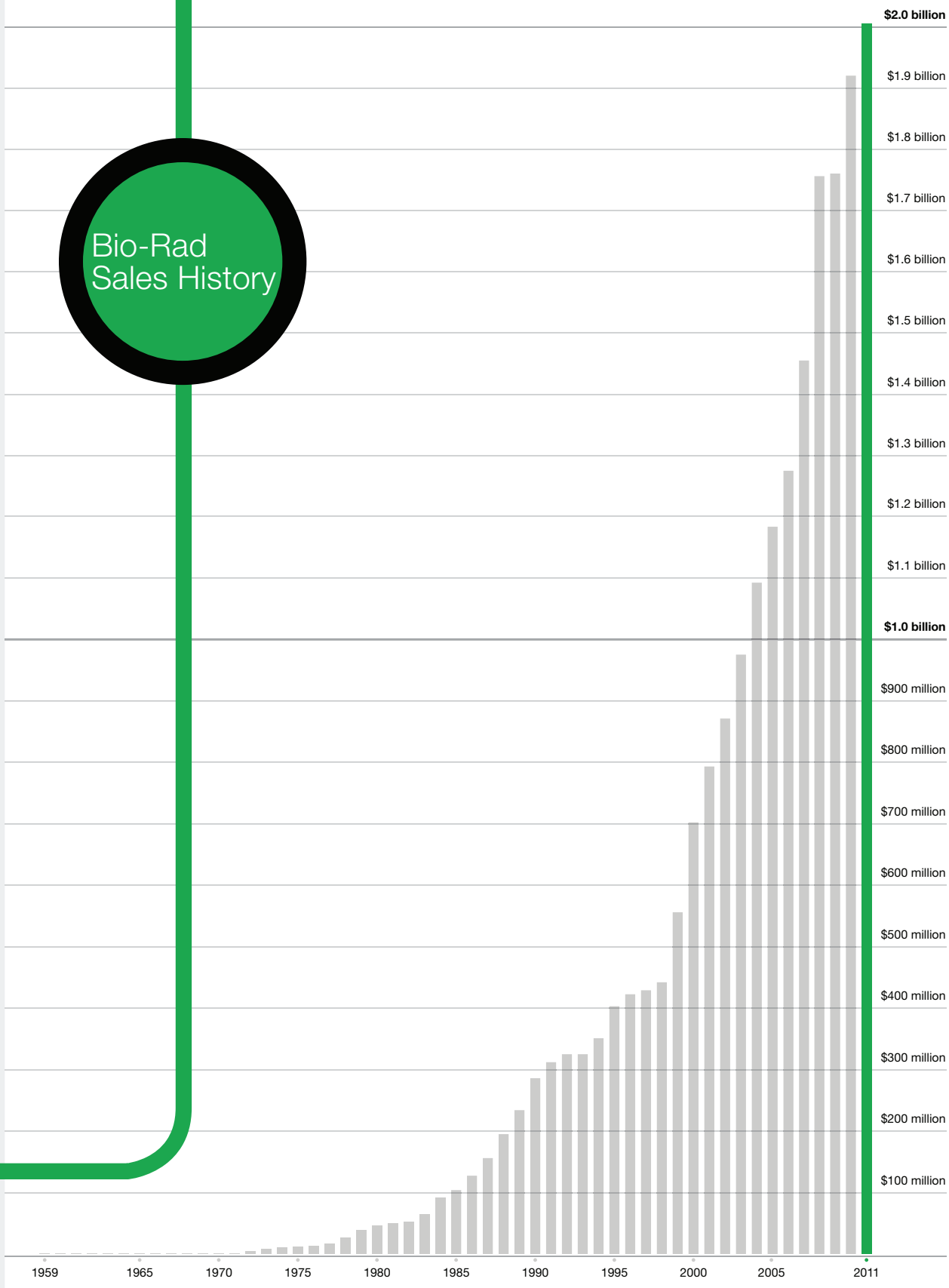
**FIVE-YEAR RECORD**

(IN MILLIONS, EXCEPT FOR RETURN ON SALES AND PER SHARE DATA)

| | 2007 | 2008 | 2009 | 2010 | **2011** |
|---|---|---|---|---|---|
| Net Sales | $1,461.1 | $1,764.4 | $1,784.2 | $1,927.1 | **$ 2,073.5** |
| Gross Profit | $ 791.4 | $ 962.5 | $ 999.8 | $1,091.5 | **$ 1,177.9** |
| R&D Expense | $ 140.5[1] | $ 159.5 | $ 163.6 | $ 172.3 | **$ 186.4** |
| Net Income attributable to Bio-Rad | $ 93.0 | $ 89.5 | $ 144.6 | $ 185.5 | **$ 178.2** |
| Return On Sales | 6.4% | 5.1% | 8.1% | 9.6% | **8.6%** |
| Book Value Per Share | $ 36.12 | $ 38.11 | $ 45.76 | $ 55.17 | **$ 61.87** |
| Basic Earnings Per Share | $ 3.48 | $ 3.30 | $ 5.28 | $ 6.70 | **$ 6.36** |
| Cash Flow From Operations | $ 191.6 | $ 191.4 | $ 325.1 | $ 225.9 | **$ 259.8** |

(1) EXCLUDES $7.7 OF PURCHASED R&D IN 2007

# Bio-Rad Sales History



**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the year ended December 31, 2011**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

**Commission file number 1-7928**

## BIO-RAD LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

| Delaware | 94-1381833 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1000 Alfred Nobel Drive, Hercules, California | 94547 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area (510) 724-7000

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Class A Common Stock Par Value $0.0001 per share | New York Stock Exchange |
| Class B Common Stock Par Value $0.0001 per share | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated file | ☐ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of June 30, 2011, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the Registrant's Class A Common Stock held by non-affiliates was approximately $2,733,758,179 and the aggregate market value of the registrant's Class B Common Stock held by non-affiliates was approximately $608,003,753.

As of February 14, 2012, there were 23,043,332 shares of Class A Common Stock and 5,156,587 of Class B Common Stock outstanding.

Documents Incorporated by Reference

| | Document | Form 10-K Parts |
|---|---|---|
| (1) | Definitive Proxy Statement to be mailed to stockholders in connection with the registrant's 2012 Annual Meeting of Stockholders (specified portions) | III |

**BIO-RAD LABORATORIES, INC.**

**FORM 10-K DECEMBER 31, 2011**

**TABLE OF CONTENTS**

**PART I.**

## ITEM 1. BUSINESS

General

Founded in 1952 and incorporated in 1957, Bio-Rad Laboratories, Inc. (referred to in this report as "Bio-Rad," "we," "us," and "our") was initially engaged in the development and production of specialty chemicals used in biochemical, pharmaceutical and other life science research applications. We entered the field of clinical diagnostics with the development of our first test kit based on separation techniques and materials developed for life science research. Through internal research and development efforts and acquisitions we have expanded into various markets. Today, Bio-Rad manufactures and supplies the life science research, healthcare, analytical chemistry and other markets with a broad range of products and systems used to separate complex chemical and biological materials and to identify, analyze and purify their components.

As we broadened our product lines, we also expanded our geographical market. We have direct distribution channels in over 35 countries outside the United States through subsidiaries whose focus is sales, customer service and product distribution. In some regions, sales efforts are supplemented by distributors and agents.

**Description of Business**

**Business Segments**

Today, Bio-Rad operates in two industry segments designated as Life Science and Clinical Diagnostics. Both segments operate worldwide. Our Life Science segment and our Clinical Diagnostics segment generated 33% and 66%, respectively, of our net sales for the year ended December 31, 2011. We generated approximately 30% of our consolidated net sales for the year ended December 31, 2011 from U.S. sales and approximately 70% from sales in our remaining worldwide markets.

For a description of business and financial information on industry and geographic segments, see Note 13 on pages 63 through 65 of Item 8 of Part II of this report.

Life Science Segment

Our Life Science segment is at the forefront of discovery, creating advanced tools to answer complex biological questions. We are a market leader in the life sciences market, developing, manufacturing and marketing a range of more than 5,000 reagents, apparatus and laboratory instruments that serve a global customer base. Many of our products are used in established research techniques, biopharmaceutical production processes and food testing regimes. These techniques are typically used to separate, purify and identify biological materials such as proteins, nucleic acids and bacteria within a laboratory or production setting. We focus on selected segments of the life sciences market in proteomics (the study of proteins), genomics (the study of genes), biopharmaceutical production, cell biology and food safety. Based on the most recent studies, we estimate that the worldwide market for products in these selected segments was approximately $6 billion. Our principal life science customers include universities and medical schools, industrial research organizations, government agencies, pharmaceutical manufacturers, biotechnology researchers, food producers and food testing laboratories.

Clinical Diagnostics Segment

Our Clinical Diagnostics segment designs, manufactures, sells and supports test systems, informatics systems, test kits and specialized quality controls that serve clinical laboratories in the global diagnostics market. Our products currently address specific niches within the in vitro diagnostics (IVD) test market, and we focus on the higher margin, higher growth segments of this market.

We supply more than 3,000 different products that cover more than 300 clinical diagnostic tests to the IVD test market. Based on the most recent studies, we estimate that the worldwide sales for products in the markets we serve were approximately $10.0 billion. IVD tests are conducted outside the human body and are used to identify and measure substances in a patient's tissue, blood or urine. Our products consist of reagents, instruments and software, typically provided to our customers as an integrated package to allow them to generate reproducible test results. Revenue in this business is highly recurring, as laboratories typically standardize test methodologies, which are dependent on a particular supplier's equipment, reagents and consumable products. An installed base of diagnostic test systems creates an ongoing source of revenue through the sale of test kits for each sample analyzed on an installed system. Our principal clinical diagnostic customers include hospital laboratories, reference laboratories, transfusion laboratories and physician office laboratories.

**Raw Materials and Components**

We utilize a wide variety of chemicals, biological materials, electronic components, machined metal parts, optical parts, minicomputers and peripheral devices. Most of these materials and components are available from numerous sources and we have not experienced difficulty in securing adequate supplies.

**Patents and Trademarks**

We own numerous U.S. and international patents and patent licenses. We believe, however, that our ability to develop and manufacture our products depends primarily on our knowledge, technology and special skills. We pay royalties on the sales of certain products under several patent license agreements. We view these patents and license agreements as valuable assets.

**Seasonal Operations and Backlog**

Our business is not inherently seasonal. However, the European custom of concentrating vacation during the summer months usually tempers third quarter sales volume and operating income.

For the most part, we operate in markets characterized by short lead times and the absence of significant backlogs. Management has concluded that backlog information is not material to our business as a whole.

**Sales and Marketing**

We conduct our worldwide operations through an extensive direct sales force and service network, employing approximately 1,000 sales and service people around the world. Our sales force typically consists of experienced industry practitioners with scientific training, and we maintain a separate specialist sales force for each of our segments. Our direct sales approach contrasts with the distributor approach used by some of our competitors, allowing us to sell a broader range of our products and have more direct contact with our customers.

Our customer base is broad and diversified. Our worldwide customer base includes (1) prominent university and research institutions, providing us access to more than 150,000 scientists in the U.S. alone; (2) hospital, public health and commercial laboratories; (3) other leading diagnostic manufacturers; and (4) leading companies in the biotechnology, pharmaceutical, chemical and food industries. In 2011, no single customer accounted for more than two percent of our total net sales. Our sales are affected by certain external factors. For example, a number of our customers, particularly in the Life Science segment, are substantially dependent on government grants and research contracts for their funding. A significant reduction of government funding would have a detrimental effect on the results of this segment.

Most of our international sales are generated by our wholly-owned subsidiaries and their branch offices. Certain of these subsidiaries also have manufacturing facilities. Bio-Rad's international operations are subject to certain risks common to foreign operations in general, such as changes in governmental regulations, import restrictions and foreign exchange fluctuations. However, our international operations are principally in developed nations, which we regard as presenting no significantly greater risks to our operations than are present in the United States.

**Competition**

The markets served by our product groups are highly competitive. Our competitors range in size from start-ups to large multinational corporations with significant resources and reach. Reliable independent information on sales and market share of products produced by our competitors is not generally available. We believe, however, based on our own estimates, no one company is so dominant that it prevents other companies, including Bio-Rad, from competing effectively. We compete mainly in market segments where our products and technology offer customers specific advantages over the competition.

Because of the breadth of its product lines, the Life Science segment does not face the same competitors for all of its products. Competitors in this market include GE Biosciences, Life Technologies, Merck Millipore and Thermo Fisher Scientific. We compete primarily based on meeting performance specifications.

Major competitors in the Clinical Diagnostics segment include Roche, Abbott Laboratories (Diagnostic Division), Siemens Medical Diagnostics Solutions, Danaher, Thermo Fisher, Becton Dickinson, bioMérieux, Ortho Clinical Diagnostics, Tosoh, Immucor and DiaSorin.

**Research and Development**

We conduct extensive research and development activities in all areas of our business, employing approximately 850 people worldwide in these activities. Research and development have played a major role in Bio-Rad's growth and are expected to continue to do so in the future. Our research teams are continuously developing new products and new applications for existing products. In our development of new products and applications, we interact with scientific and medical professionals at universities, hospitals and medical schools, and within our industry. We spent approximately $186.4 million, $172.3 million and $163.6 million on research and development activities during the years ended December 31, 2011, 2010 and 2009, respectively.

**Regulatory Matters**

The manufacturing, marketing and labeling of certain of our products (primarily diagnostic products) are subject to regulation in the United States by the Center for Devices and Radiological Health of the United States Food and Drug Administration (FDA) and in other jurisdictions by state and foreign government authorities. FDA regulations require that some new products have pre-marketing approval by the FDA and require certain products to be manufactured in accordance with “good manufacturing practices,” to be extensively tested and to be properly labeled to disclose test results and performance claims and limitations.

As a multinational manufacturer and distributor of sophisticated instrumentation, we must meet a wide array of electromagnetic compatibility and safety compliance requirements to satisfy regulations in the United States, the European Community and other jurisdictions.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that govern such activities as transportation of goods, emissions to air and discharges to water, as well as handling and disposal practices for solid, hazardous and medical wastes. In addition to environmental laws that regulate our operations, we are also subject to environmental laws and regulations that create liabilities and clean-up responsibility for spills, disposals or other releases of hazardous substances into the environment as a result of our operations or otherwise impacting real property that we own or operate. The environmental laws and regulations could also subject us to claims by third parties for damages resulting from any spills, disposals or releases resulting from our operations or at any of our properties.

These regulatory requirements vary widely among countries.

**Employees**

At December 31, 2011, Bio-Rad had approximately 7,030 full-time employees. Fewer than seven percent of Bio-Rad's approximately 2,950 U.S. employees are covered by a collective bargaining agreement which will expire on November 7, 2012. Many of Bio-Rad's non-U.S. full-time employees, especially in France, are covered by collective bargaining agreements. We consider our employee relations in general to be good.

**Available Information**

Bio-Rad files annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including Bio-Rad, that file electronically with the SEC. The public can obtain any documents that we file with the SEC at http://www.sec.gov.

Bio-Rad's website address is www.bio-rad.com. We make available, free of charge through our website, our Form 10-Ks, 10-Qs and 8-Ks, and any amendments to these forms, as soon as reasonably practicable after filing with the SEC.

## ITEM 1A. RISK FACTORS

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. We believe that any of the following risks could have a material affect on our business, operations, industry, financial position or our future financial performance. While we believe that we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect our business, operations, industry, financial position and financial performance in the future.

***The ongoing investigation by our Audit Committee and by government agencies of possible violations by us of the United States Foreign Corrupt Practices Act and similar laws could have a material adverse effect on our business.***

Based on an internal review, we have identified conduct in certain of our overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (FCPA) and is likely to have violated the FCPA's books and records and internal controls provisions and our own internal policies. In May 2010, we voluntarily disclosed these matters to the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC), each of which commenced an investigation. The Audit Committee of our Board of Directors (Audit Committee) has assumed direct responsibility for reviewing these matters and has hired experienced independent counsel to conduct an investigation and provide legal advice. We have provided, and intend to continue to provide, additional information to the DOJ and the SEC as the Audit Committee's investigation progresses.

The Audit Committee's investigation and the DOJ and SEC investigations are continuing and we are presently unable to predict the duration, scope or results of the Audit Committee's investigation, of the investigations by the DOJ or the SEC or whether either agency will commence any legal actions. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. We are unable to estimate the outcome of this matter. However, the imposition of any of these sanctions or remedial measures could have a material adverse effect on our business,

including our results of operations, cash balance and credit rates. We have not to date determined whether any of the activities in question violated the laws of the foreign jurisdictions in which they took place.

***We previously identified significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting. Although we have remediated those significant deficiencies to the extent that they no longer, when considered and taken together, constitute a material weakness in internal control over financial reporting, some remain significant deficiencies and we have identified other significant deficiencies in internal control over financial reporting. Any failure to maintain effective internal control over financial reporting could result in our failure to meet our reporting obligations and cause investors to lose confidence in our reported financial information, which in turn could cause the trading price of our common stock to decline.***

In connection with our Audit Committee's investigation of our compliance with the FCPA discussed above, our management had identified three significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting as of December 31, 2010 and through the first three quarters of 2011. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The three significant deficiencies that we identified were the result of: (i) a number of entity-level control deficiencies, including our lack of a comprehensive FCPA policy and training program; our lack of a formal, effective disclosure committee to facilitate our compliance with Section 302 of the Sarbanes-Oxley Act of 2002; inadequate policies regarding enterprise-wide risk assessment and management related to doing business in high-risk, emerging markets; our failure to perform background checks on certain parties prior to entering into material contracts with such parties; our lack of compliance with our existing Code of Business Ethics and Conduct in certain countries; and ineffective disclosure of significant exceptions to compliance with company policies through our quarterly management sub-certification process; (ii) a number of control deficiencies related to our expenditure processes at certain of our international subsidiaries; and (iii) a number of control deficiencies related to our revenue and accounts receivable process at certain of our international subsidiaries.

In response to, and following identification of the material weakness, management has enhanced the operation of a number of existing controls related to Bio-Rad's internal control over financial reporting, including our previously existing controls and processes for FCPA compliance, and implemented additional controls. We have determined that these actions have remediated significant deficiencies that, when considered and taken together, constituted the material weakness described above to the extent that a material weakness no longer exists. However, we continue to have a significant deficiency related to our revenue process, and we have identified two additional significant deficiencies with respect to (i) reagent rentals at certain of our international subsidiaries and (ii) multiple controls for various business processes at a more limited number of minor international subsidiaries.

We cannot assure you that we will be able to remediate these significant deficiencies or that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. Such significant deficiencies or material weaknesses could result in material misstatements in our financial statements and cause us to fail to meet our reporting obligations, which in turn could cause the trading price of our common stock to decline. Any such failure could also adversely affect the results of our periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002.

On April 13, 2011, a shareholder derivative lawsuit was filed against each of our directors in the Superior Court for Contra Costa County, California. The case, which also names the Company as a nominal defendant, is captioned City of Riviera Beach General Employees' Retirement System v. David Schwartz, et al., Case No. MSC11-00854.

In the complaint, the plaintiff alleges that our directors breached their fiduciary duties by failing to ensure that we had sufficient internal controls and systems for compliance with the FCPA. Purportedly seeking relief on our behalf, the plaintiff seeks an award of unspecified compensatory and punitive damages, costs and expenses (including attorneys' fees), and a declaration that our directors have breached their fiduciary duties. We and the individual defendants filed a demurrer requesting dismissal of the complaint in this case, as well as a motion to stay this matter pending resolution of the above-referenced investigations by the DOJ and SEC. Following a hearing on September 30, 2011, the court sustained our demurrer and dismissed the complaint, without prejudice, and granted the plaintiff until February 29, 2012 to file an amended complaint. (The parties subsequently agreed to extend that date to March 29, 2012, subject to court approval.) The court denied our motion to stay this matter because it dismissed the complaint.

***Adverse changes in general domestic and worldwide economic conditions and instability and disruption of credit markets could adversely affect our operating results, financial condition or liquidity.***

The continuing slow economic growth in developed nations may adversely affect our future results of operations. Demand for our products and services could change more dramatically than in previous years based on activity, funding, reimbursement constraints and support levels from government, universities, hospitals and private industry, including diagnostic laboratories. The need for certain sovereign nations with large annual deficits to curtail spending could lead to slower growth of, or even a decline in, our business. Although signs of limited recovery may exist in some markets, there are continued concerns about systemic economic imbalance, the availability and cost of credit, declining asset values and geopolitical issues that contribute to increased market volatility and uncertain expectations for the global economy. These conditions, combined with greater volatility in business activity levels and consumer confidence, high unemployment and volatile oil prices, contributed to unprecedented levels of volatility in the capital markets in recent years. Continuing or recurring disruptions in the capital and credit markets may adversely affect our business, results of operations, cash flows and financial condition.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many private sector investors to reduce and, in some cases, cease to provide credit to governments, businesses and consumers. These factors have led to depressed spending by some governments, businesses and consumers. Our customers and suppliers may experience cash flow concerns and, as a result, customers may modify, delay or cancel plans to purchase our products and suppliers may increase their prices, reduce their output or change terms of sales. Additionally, if customers' or suppliers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers may not be able to pay, or may delay payment of, amounts owed to us. Sovereign nations either delaying payment for goods and services or renegotiating their debts could impact our liquidity. The situation in these sovereign nations is continuously developing and we have no greater knowledge of the situation other than what is being reported in the media. As of December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $81.3 million.

Suppliers may restrict credit or impose less favorable payment terms. Any inability of current and/or potential customers to pay us for our products or any demands by suppliers for accelerated payment terms may adversely affect our earnings and cash flow. Additionally, strengthening of the U.S. dollar associated with the global financial crisis may adversely affect the results of our international operations when those results are translated into U.S. dollars.

Furthermore, the disruption in the credit markets could impede our access to capital, especially if we are unable to maintain our current credit ratings. Should we have limited access to additional financing sources when needed, we may decide to defer capital expenditures or seek other higher cost sources of liquidity, which may or may not be available to us on acceptable terms. Continued turbulence in the U.S. and international markets and economies, and prolonged declines in business and consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

***We cannot assure you that we will be able to integrate acquired companies, products or technologies into our company successfully, or we may not be able to realize the anticipated benefits from the acquisitions.***

As part of our overall business strategy, we pursue acquisitions of and investments in complementary companies, products and technologies. In order to be successful in these activities, we must, among other things:

- assimilate the operations and personnel of acquired companies;
- retain acquired business customers;
- minimize potential disruption to our ongoing business;
- retain key technical and management personnel;
- integrate acquired companies into our strategic and financial plans;
- accurately assess the value of target companies, products and technologies;
- comply with new regulatory requirements;
- harmonize standards, controls, procedures and policies;
- minimize the impact to our relationships with our employees and customers; and
- assess, document and remediate any deficiencies in disclosure controls and procedures and internal control over financial reporting.

The benefits of any acquisition may prove to be less than anticipated and may not outweigh the costs reported in our financial statements. Completing any potential future acquisition could cause significant diversion of our management's time and resources. If we acquire new companies, products or technologies, we may be required to assume contingent liabilities or record impairment charges for goodwill and other intangible assets over time. We cannot assure you that we will successfully overcome these risks or any other problems we encounter in connection with any acquisitions, and any such acquisitions could adversely affect our business, financial position or operating results.

***The industries and market segments in which we operate are highly competitive, and we may not be able to compete effectively with larger companies with greater financial resources than we have.***

The life science and clinical diagnostics markets are each highly competitive. Some of our competitors have greater financial resources than we do and are less leveraged than we are, making them better equipped to license technologies and intellectual property from third parties or to fund research and development, manufacturing and marketing efforts. Moreover, competitive and regulatory conditions in many markets in which we operate restrict our ability to fully recover, through price increases, higher costs of acquired goods and services resulting from inflation and other drivers of cost increases. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Maintaining these advantages will require us to continue to invest in research and development, sales and marketing and customer service and support. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining such advantages.

***We have significant international operations which subject us to various risks such as general economic and market conditions in the countries in which we operate.***

A significant portion of our sales are made outside of the United States. Our foreign subsidiaries generated 70% of our net sales for the year ended December 31, 2011. Our international operations are subject to risks common to foreign operations, such as general economic and market conditions in the countries in which we operate, changes in governmental regulations, political instability, import restrictions, additional scrutiny over certain financial instruments and currency exchange rate risks. We cannot assure you that shifts in currency exchange rates, especially significant strengthening of the U.S. dollar compared to the Euro, will not have a material adverse effect on our operating results and financial condition.

***We are dependent on government funding and the capital spending programs of our customers, and the effect of healthcare reform on government funding and our customers' ability to purchase our products is uncertain.***

Our customers include universities, clinical diagnostics laboratories, government agencies, hospitals and pharmaceutical, biotechnology and chemical companies. The capital spending programs of these institutions and companies have a significant effect on the demand for our products. Such programs are based on a wide variety of factors, including the resources available to make such purchases, the availability of funding from grants by governments or government agencies, the spending priorities among various types of equipment and the policies regarding capital expenditures during industry downturns or recessionary periods. If government funding to our customers were to decrease, or if our customers were to decrease or reallocate their budgets in a manner adverse to us, our business, financial condition or results of operations could be materially adversely affected.

Healthcare reform and the growth of managed care organizations have been and continue to be significant factors in the clinical diagnostics market. The trend towards managed care, together with healthcare reform of the delivery system in the United States and efforts to reform in Europe, has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. Consolidation among healthcare providers has resulted in fewer, more powerful groups, whose purchasing power gives them cost containment leverage. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on our profit margins for products we sell in clinical diagnostics markets. To the extent that the healthcare industry seeks to address the need to contain costs by limiting the number of clinical tests being performed, our results of operations could be materially and adversely affected. If these changes in the healthcare markets in the United States and Europe continue, we could be forced to alter our approach in selling, marketing, distributing and servicing our products.

***Our failure to improve our product offerings and develop and introduce new products may negatively impact our business.***

Our future success depends on our ability to continue to improve our product offerings and develop and introduce new product lines and extensions that integrate new technological advances. If we are unable to integrate technological advances into our product offerings or to design, develop, manufacture and market new product lines and extensions successfully and in a timely manner, our operating results will be adversely affected. We cannot assure you that our product and process development efforts will be successful or that new products we introduce will achieve market acceptance.

***If we experience a disruption of our information technology systems, or if we fail to successfully implement, manage and integrate our information technology and reporting systems, it could harm our business.***

Our information technology (IT) systems are an integral part of our business, and a serious disruption of our IT systems could have a material adverse effect on our business and results of operations. We depend on our IT systems to process orders, manage inventory and collect accounts receivable. Our IT systems also allow us to efficiently purchase products from our suppliers and ship products to our customers on a timely basis, maintain cost-effective operations and provide customer service. We cannot assure you that our contingency plans will allow us to operate at our current level of efficiency.

Our ability to implement our business plan in a rapidly evolving market requires effective planning, reporting and analytical processes. We expect that we will need to continue to improve and further integrate our IT systems, reporting systems and operating procedures by training and educating our employees with respect to these improvements and integrations on an ongoing basis in order to effectively run our business. If we fail to successfully manage and integrate our IT systems, reporting systems and operating procedures, it could adversely affect our business or operating results.

***Risks relating to intellectual property rights may negatively impact our business.***

We rely on a combination of copyright, trade secret, patent and trademark laws and third-party nondisclosure agreements to protect our intellectual property rights and products. However, we cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable, or that meaningful protection or adequate remedies will be available to us. For instance, it may be possible for unauthorized third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Additionally, third parties may assert patent, copyright and other intellectual property rights to technologies that are important to us. If we are unable to license or otherwise access protected technology used in our products, or if we lose our rights under any existing licenses, we could be prohibited from manufacturing and marketing such products. We may find it necessary to enforce our patents or other intellectual property rights or to defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial costs to us and divert our resources. We also could incur substantial costs to redesign our products, to defend any legal action taken against us or to pay damages to an infringed party. The foregoing matters could adversely impact our business.

***We are subject to substantial government regulation.***

Some of our products (primarily diagnostic products), production processes and marketing are subject to federal, state, local and foreign regulation, including the FDA and its foreign counterparts. We are also subject to government regulation of the use and handling of a number of materials and controlled substances. Failure to comply with present or future regulations could result in substantial liability to us, suspension or cessation of our operations, restrictions on our ability to expand at our present locations or require us to make significant capital expenditures or incur other significant expenses.

***We are currently subject to environmental regulations and enforcement proceedings.***

Our operations are subject to federal, state, local and foreign environmental laws and regulations that govern such activities as transportation of goods, emissions to air and discharges to water, as well as handling and disposal practices for solid, hazardous and medical wastes. In addition to environmental laws that regulate our operations, we are also subject to environmental laws and regulations that create liability and clean-up responsibility for spills, disposals or other releases of hazardous substances into the environment as a result of our operations or otherwise impacting real property that we own or operate. The environmental laws and regulations also subject us to claims by third parties for damages resulting from any spills, disposals or releases resulting from our operations or at any of our properties.

We may in the future incur capital and operating costs to comply with currently existing laws and regulations, and possible new statutory enactments, and these expenditures may be significant. We have incurred, and may in the future incur, fines related to environmental matters and liability for costs or damages related to spills or other releases of hazardous substances into the environment at sites where we have operated, or at off-site locations where we have sent hazardous substances for disposal. We can provide no assurance, however, that such matters or any future obligations to comply with environmental laws and regulations will not have a material impact on our operations or financial condition.

***Loss of key personnel could hurt our business.***

Our products and services are highly technical in nature. In general, only highly qualified and trained scientists have the necessary skills to develop and market our products and provide our services. In addition, some of our manufacturing positions are highly technical. We face intense competition for these professionals from our competitors, customers, marketing partners and other companies throughout our industry. We generally do not enter into employment agreements requiring these employees to continue in our employment for any period of time. Any failure on our part to hire, train and retain a sufficient number of qualified personnel could substantially damage our business. Additionally, if we were to lose a sufficient number of our research and development

scientists and were unable to replace them or satisfy our needs for research and development through outsourcing, it could adversely affect our business.

***A significant majority of our voting stock is held by the Schwartz family, which could lead to conflicts of interest.***

We have two classes of voting stock, Class A Common Stock and Class B Common Stock. With a few exceptions, holders of Class A and Class B Common Stock vote as a single class. When voting as a single class, each share of Class A Common Stock is entitled to one-tenth of a vote, while each share of Class B Common Stock has one vote. In the election or removal of directors, the classes vote separately and the holders of Class A Common Stock are entitled to elect 25% of the Board of Directors, with holders of Class B Common Stock electing the remaining directors.

As of February 14, 2012, the Schwartz family collectively held approximately 16% of our Class A Common Stock and 91% of our Class B Common Stock. As a result, the Schwartz family is able to elect a majority of the directors, effect fundamental changes in our direction and control matters affecting us, including the allocation of business opportunities that may be suitable for our company. In addition, this concentration of ownership and voting power may have the effect of delaying or preventing a change in control of our company.

The Schwartz family may exercise its control over us according to interests that are different from other investors' or debtors' interests.

***Natural disasters, terrorist attacks or acts of war may cause damage or disruption to us and our employees, facilities, information systems, security systems, vendors and customers, which could significantly impact our net sales, costs and expenses, and financial condition.***

We have significant manufacturing and distribution facilities, particularly in the western United States, France and Switzerland. In particular, the western United States has experienced a number of earthquakes, wildfires, floods, landslides and other natural disasters in recent years. The occurrences could damage or destroy our facilities which may result in interruptions to our business and losses that exceed our insurance coverage. Terrorist attacks, such as those that occurred on September 11, 2001, have contributed to economic instability in the United States, and further acts of terrorism, bioterrorism, violence or war could affect the markets in which we operate, our business operations, our expectations and other forward-looking statements contained or incorporated in this document. Any of these events could cause a decrease in our revenue, earnings and cash flows.

***We may incur losses in future periods due to write-downs in the value of financial instruments.***

We have positions in a variety of financial instruments including asset backed securities and other similar instruments. Financial markets are quite volatile and the markets for these securities can be illiquid. The value of these securities will continue to be impacted by external market factors including default rates, changes in the value of the underlying property, such as residential or commercial real estate, rating agency actions, the prices at which observable market transactions occur and the financial strength of various entities, such as financial guarantors who provide insurance for the securities. Should we need to convert these positions to cash, we may not be able to sell these instruments without significant losses due to current debtor financial conditions or other market considerations.

***We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations and impair our ability to meet our obligations under our notes.***

As of December 31, 2011 we and our subsidiaries had approximately $732.5 million of outstanding indebtedness. In addition, we are permitted to incur additional debt provided we comply with the limitation on the incurrence of additional indebtedness and disqualified capital stock covenants contained in the indenture governing our 8.0% Senior Subordinated Notes due 2016 (8.0% Notes).

The following chart shows certain important credit statistics.

| | At December 31, 2011 |
|---|---|
| | (dollars in millions) |
| Total debt | $ 732.5 |
| Bio-Rad's stockholders' equity | $ 1,743.9 |
| Debt to equity ratio | 0.4 |

Our incurrence of substantial amounts of debt may have important consequences. For instance, it could:

- make it more difficult for us to satisfy our financial obligations, including those relating to our outstanding notes;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal due under our debt, including our outstanding notes, which will reduce funds available for other business purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared with some of our competitors that have less debt; and
- limit our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

Our existing credit facility, the indenture governing our 8.0% Notes and the terms of our other debt instruments, including agreements we may enter in the future, contain or will contain covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

- incur additional debt;
- acquire other businesses or assets through merger or purchase;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- in the case of some of our subsidiaries, guarantee debt; and
- declare or pay dividends, redeem stock or make other distributions to stockholders.

Our existing credit facility also requires that we meet certain financial tests and maintain certain financial ratios, including a maximum consolidated leverage ratio test, minimum consolidated interest coverage ratio test and a minimum net worth test.

Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these restrictions could result in a default. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from

them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our senior secured lenders, these lenders could proceed against the collateral securing that debt. The collateral is substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain of our foreign subsidiaries. In addition, acceleration of our other indebtedness may cause us to be unable to make interest payments on our outstanding notes and repay the principal amount of our outstanding notes or may cause the future subsidiary guarantors, if any, to be unable to make payments under the guarantees.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

We own our corporate headquarters located in Hercules, California. The principal manufacturing and research locations for each segment are as follows:

| Segment | Location | Owned/Leased |
|---|---|---|
| Life Science | Richmond, California | Owned/Leased |
| | Hercules, California | Owned/Leased |
| | Pleasanton, California | Leased |
| | Singapore | Leased |
| | Shanghai, China | Leased |
| Clinical Diagnostics | Hercules, California | Owned/Leased |
| | Benicia, California | Leased |
| | Irvine, California | Leased |
| | Greater Seattle area, Washington | Leased |
| | Plano, Texas | Leased |
| | Lille, France | Owned |
| | Greater Paris area, France | Leased |
| | Nazareth-Eke, Belgium | Leased |
| | Cressier, Switzerland | Owned/Leased |
| | Dreieich, Germany | Owned/Leased |

Most manufacturing and research facilities also house administration, sales and distribution activities. In addition, we lease office and warehouse facilities in a variety of locations around the world. The facilities are used principally for sales, service, distribution and administration for both segments.

## ITEM 3. LEGAL PROCEEDINGS

Based on an internal review, we have identified conduct in certain of our overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (FCPA) and is likely to have violated the FCPA's books and records and internal controls provisions and our own internal policies. In May 2010, we voluntarily disclosed these matters to the U.S. Department of Justice (DOJ) and the Securities and Exchange

Commission (SEC), each of which commenced an investigation. The Audit Committee of our Board of Directors (Audit Committee) has assumed direct responsibility for reviewing these matters and has hired experienced independent counsel to conduct an investigation and provide legal advice. We have provided, and intend to continue to provide, additional information to the DOJ and the SEC as the Audit Committee's investigation progresses.

The Audit Committee's investigation and the DOJ and SEC investigations are continuing and we are presently unable to predict the duration, scope or results of the Audit Committee's investigation, of the investigations by the DOJ or the SEC or whether either agency will commence any legal actions. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. We are unable to estimate the outcome of this matter. However, the imposition of any of these sanctions or remedial measures could have a material adverse effect on our business or financial condition. We have not to date determined whether any of the activities in question violated the laws of the foreign jurisdictions in which they took place.

On April 13, 2011, a shareholder derivative lawsuit was filed against each of our directors in the Superior Court for Contra Costa County, California. The case, which also names the Company as a nominal defendant, is captioned City of Riviera Beach General Employees' Retirement System v. David Schwartz, et al., Case No. MSC11-00854. In the complaint, the plaintiff alleges that our directors breached their fiduciary duties by failing to ensure that we had sufficient internal controls and systems for compliance with the FCPA. Purportedly seeking relief on our behalf, the plaintiff seeks an award of unspecified compensatory and punitive damages, costs and expenses (including attorneys' fees), and a declaration that our directors have breached their fiduciary duties. We and the individual defendants filed a demurrer requesting dismissal of the complaint in this case, as well as a motion to stay this matter pending resolution of the above-referenced investigations by the DOJ and SEC. Following a hearing on September 30, 2011, the court sustained our demurrer and dismissed the complaint, without prejudice, and granted the plaintiff until February 29, 2012 to file an amended complaint. (The parties subsequently agreed to extend that date to March 29, 2012, subject to court approval.) The court denied our motion to stay this matter because it dismissed the complaint.

In addition, we are party to various other claims, legal actions and complaints arising in the ordinary course of business. We do not believe, at this time, that any ultimate liability resulting from any of these other matters will have a material adverse effect on our results of operations, financial position or liquidity. However, we cannot give any assurance regarding the ultimate outcome of these other matters and their resolution could be material to our operating results for any particular period, depending on the level of income for the period.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II.

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### Information Concerning Common Stock

Bio-Rad's Class A and Class B Common Stock are listed on the New York Stock Exchange with the symbols BIO and BIO.B, respectively. The following sets forth, for the periods indicated, the high and low intraday sales prices for our Class A and Class B Common Stock.

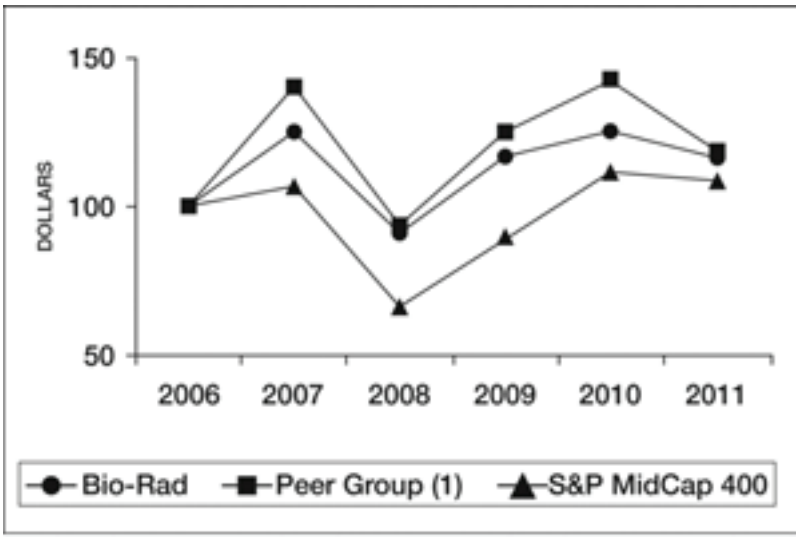
| | Class A | | Class B | |
|---|---|---|---|---|
| | High | Low | High | Low |
| 2011 | | | | |
| Fourth Quarter | $ 103.22 | $ 87.98 | $ 102.90 | $ 89.20 |
| Third Quarter | 122.39 | 84.02 | 122.21 | 87.33 |
| Second Quarter | 126.98 | 115.77 | 126.56 | 116.67 |
| First Quarter | 120.18 | 104.30 | 121.02 | 104.89 |
| 2010 | | | | |
| Fourth Quarter | $ 105.60 | $ 89.02 | $ 104.57 | $ 89.82 |
| Third Quarter | 93.36 | 80.00 | 92.72 | 83.82 |
| Second Quarter | 113.68 | 85.57 | 112.94 | 87.25 |
| First Quarter | 104.44 | 89.82 | 103.14 | 90.00 |

On February 14, 2012, we had 546 holders of record of Class A Common Stock and 154 holders of record of Class B Common Stock. Bio-Rad has never paid a cash dividend and has no present plans to pay cash dividends.

See Item 12 of Part III of this report for the security ownership of certain beneficial owners and management and for securities authorized for issuance under equity compensation plans.

**Stock Performance Graph**

The following graph compares the cumulative stockholder returns over the past five years for our Class A Common Stock, the S&P 400 MidCap Index and a selected peer group, assuming $100 invested on December 31, 2006, and reinvestment of dividends if paid:




(1) The Peer Group consists of the following public companies: Danaher, Becton Dickinson, Thermo Fisher Scientific, Meridian Bioscience, PerkinElmer and Life Technologies. Companies in our peer group reflect our participation in two different markets: life science research products and clinical diagnostics. No single public or private company has a comparable mix of products which serve the same markets. In many cases, only one division of a peer group company competes in the same market as we do. Collectively, however, our peer group reflects products and markets similar to those of Bio-Rad.

This stock performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference into any filing under the Securities Act or the Exchange Act, and shall not otherwise be deemed filed under these Acts.

## ITEM 6. SELECTED FINANCIAL DATA

BIO-RAD LABORATORIES, INC.
Selected Financial Data
(in thousands, except per share data)

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2009 | 2008 | 2007 [1] |
| Net sales | $ 2,073,529 | $ 1,927,118 | $ 1,784,244 | $ 1,764,365 | $ 1,461,052 |
| Cost of goods sold | 895,640 | 835,630 | 784,401 | 801,843 | 669,690 |
| Gross profit | 1,177,889 | 1,091,488 | 999,843 | 962,522 | 791,362 |
| Selling, general and administrative expense | 696,294 | 635,213 | 601,468 | 591,304 | 507,978 |
| Research and development expense | 186,439 | 172,266 | 163,585 | 159,518 | 140,535 |
| Purchased in-process research and development expense | — | — | — | — | 7,656 |
| Impairment losses on goodwill and long-lived assets | — | — | 3,802 | 28,757 | — |
| Interest expense | 53,135 | 63,717 | 47,024 | 32,113 | 31,606 |
| Foreign exchange losses, net | 13,842 | 3,884 | 5,003 | 7,634 | 2,576 |
| Other (income) expense, net | (7,583) | (3,875) | (6,871) | 353 | (19,832) |
| Income before income taxes and noncontrolling interests | 235,762 | 220,283 | 185,832 | 142,843 | 120,843 |
| Provision for income taxes | (57,739) | (33,348) | (36,667) | (44,579) | (26,548) |
| Net loss (income) attributable to noncontrolling interests | 200 | (1,445) | (4,545) | (8,754) | (1,301) |
| Net income attributable to Bio-Rad | $ 178,223 | $ 185,490 | $ 144,620 | $ 89,510 | $ 92,994 |
| Basic earnings per share | $ 6.36 | $ 6.70 | $ 5.28 | $ 3.30 | $ 3.48 |
| Diluted earnings per share | $ 6.26 | $ 6.59 | $ 5.20 | $ 3.24 | $ 3.41 |
| Cash dividends paid per common share | $ — | $ — | $ — | $ — | $ — |
| Total assets | $ 3,096,803 | $ 3,062,764 | $ 2,535,853 | $ 2,037,264 | $ 1,971,594 |
| Long-term debt, net of current maturities | $ 731,698 | $ 731,100 | $ 737,919 | $ 445,979 | $ 441,805 |

[1] Included in 2007 are the fourth quarter operating results of an acquisition. See Note 2 to the consolidated financial statements.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with the information contained in our consolidated financial statements and the accompanying notes which are an integral part of the statements.

Other than statements of historical fact, statements made in this Annual Report include forward looking statements, such as statements with respect to our future financial performance, operating results, plans and objectives that involve risk and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "believe," "expect," "may," "will," "intend," "estimate," "continue," or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. We have based these forward looking statements on our current expectations and projections about future events. However, actual results may differ materially from those currently anticipated depending on a variety of risk factors including among other things: changes in general domestic and worldwide economic conditions; our ability to successfully develop and market new products; our reliance on and access to necessary intellectual

property; our ability to successfully integrate any acquired business; our substantial leverage and ability to service our debt; competition in and government regulation of the industries in which we operate; and the monetary policies of various countries. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise except as required by Federal Securities law.

***Overview***. We are a multinational manufacturer and worldwide distributor of our own life science research and clinical diagnostics products. Our business is organized into two primary segments, Life Science and Clinical Diagnostics, with the mission to provide scientists with specialized tools needed for biological research and clinical diagnostics.

We sell more than 8,000 products and services to a diverse client base comprised of scientific research, healthcare, education and government customers worldwide. We manufacture and supply our customers with a range of reagents, apparatus and equipment to separate complex chemical and biological materials and to identify, analyze and purify components. Because our customers require standardization for their experiments and test results, much of our revenues are recurring.

We are impacted by the support of many governments for both research and healthcare. The current global economic outlook is becoming increasingly uncertain as the need to control government social spending by many governments limits opportunities for growth. Approximately 30% of our 2011 consolidated net sales are derived from the United States and approximately 70% are derived from international locations. The international sales are largely denominated in local currencies such as Euros, Swiss Franc, Japanese Yen, Singapore Dollar and British Sterling. As a result, our consolidated net sales expressed in dollars benefit when the U.S. dollar weakens and suffer when the dollar strengthens. When the U.S. dollar strengthens, we benefit from lower cost of sales from our own international manufacturing sites as well as non-U.S. suppliers and from lower international operating expenses.

In October 2011, we acquired all the issued and outstanding stock of QuantaLife, Inc. (QuantaLife). The fair value of the consideration as of the acquisition date was $179.4 million, which comprised of $150.3 million paid in cash at the closing date, a $5.0 million holdback of cash until the completion of certain post-closing matters, and $24.1 million in contingent consideration potentially payable to QuantaLife shareholders. The contingent consideration could reach $48 million upon the achievement of certain sales and development milestones. The pretax loss from operations of QuantaLife was $7.0 million for the period from acquisition (October 4, 2011) through December 31, 2011. These results of operations of QuantaLife are included in the results of operations of our Life Science segment. This transaction was accounted for as the acquisition of a business. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current state-of-the-art methods of quantitative Polymerase Chain Reaction (PCR) and we believe it will complement Bio-Rad's existing amplification business.

The determination of the fair value of net assets acquired of QuantaLife was based upon valuation information, estimates and assumptions available at October 4, 2011. We are still finalizing our analysis of a limited number of acquired tax attributes which could affect the fair values of certain deferred tax assets and goodwill. As a result, as of December 31, 2011, our accounting for the acquisition was preliminary.

In January 2012, we purchased certain assets from a current raw materials supplier for approximately $15.5 million. The asset acquisition will be included in the Clinical Diagnostics segment's results of operations from the acquisition date and will be accounted for as a business combination. We believe this acquisition will allow us to secure the supply of critical raw materials and lower our overall costs in the Clinical Diagnostics segment.

The following shows cost of goods sold, gross profit, expense items and net income as a percentage of net sales:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Net sales | 100.0% | 100.0% | 100.0% |
| Cost of goods sold | 43.2 | 43.4 | 44.0 |
| Gross profit | 56.8 | 56.6 | 56.0 |
| Selling, general and administrative expense | 33.6 | 33.0 | 33.7 |
| Research and development expense | 9.0 | 8.9 | 9.2 |
| Net income attributable to Bio-Rad | 8.6 | 9.6 | 8.1 |

We intend that the discussions of critical accounting policies and estimates and recent accounting pronouncements that follow will assist you in understanding how such principles, estimates and accounting pronouncements affect our financial condition and results of operations as well as significant factors that caused changes in our financial condition and results of operations for the years ended December 31, 2011 and 2010.

**Critical Accounting Policies and Estimates**

The accompanying discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. We evaluate our estimates on an on-going basis. We base our estimates on historical experience and on other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. However, future events may cause us to change our assumptions and estimates, which may require adjustment. Actual results could differ from these estimates. We have determined that for the periods reported in this Annual Report on Form 10-K the following accounting policies and estimates are critical in understanding our financial condition and results of operations.

***Accounting for Income Taxes.*** Management is required to make estimates related to our income tax provision in each of the jurisdictions in which we operate. This process involves estimating our current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our Consolidated Balance Sheets. Management then assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not likely, a valuation allowance must be established. To the extent management establishes a valuation allowance or increases this allowance in a period, an increase to expense within the Provision for income taxes in the Consolidated Statements of Income may result.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to unrecognized tax benefits in income tax expense.

Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and any valuation allowance recorded in connection with the deferred tax assets. We have recorded a valuation allowance of $48.9 million and $37.0 million as of December 31, 2011 and 2010, respectively, due to

uncertainties related to our ability to utilize some of the deferred tax assets, primarily consisting of certain foreign net operating losses carried forward. The valuation allowance is based on management's current estimates of taxable income for the jurisdictions in which we operate and the period over which the deferred tax assets will be recoverable. In the event that actual results differ from these estimates, or these estimates are adjusted in future periods, an additional valuation allowance may need to be established, which would increase the tax provision, lowering income and impacting our financial position. Should realization of these deferred tax assets for which a valuation allowance has been provided occur, the provision for income taxes may decrease, raising income and positively impacting Bio-Rad's financial position.

***Valuation of Goodwill and Long-lived Assets.*** Goodwill represents the excess of the cost over the fair value of net tangible and identifiable intangible assets of acquired businesses. Goodwill amounts are assigned to reporting units at the time of acquisition and are adjusted for any subsequent significant transfers of business between reporting units. We assess the impairment of goodwill annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We perform the impairment tests of goodwill at our reporting unit level, which is one level below our reporting segments. The goodwill impairment test consists of a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not required. The second step, if required, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The fair value of a reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess.

We use a projected discounted cash flow model to determine the fair value of a reporting unit. This discounted cash value method for determining goodwill may be different from the fair value that would result from an actual transaction between a willing buyer and a willing seller. Projections such as discounted cash flow models are inherently uncertain and accordingly, actual future cash flows may differ materially from projected cash flows. Management judgment is required in developing the assumptions for the discounted cash flow model. These assumptions include revenue growth rates, profit margins, future capital expenditures, working capital needs, expected foreign currency rates, discount rates and terminal values. We estimate future cash flows using current and longer-term high level financial forecasts. These forecasts take into account the current economic environment. The discount rates used are compiled using independent sources, current trends in similar businesses and other observable market data. Changes to these rates might result in material changes in the valuation and determination of the recoverability of goodwill. For example, an increase in the discount rate used to discount cash flows will decrease the computed fair value. In order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test, we apply a 10% decrease to the fair value of each reporting unit.

To validate the reasonableness of the reporting unit fair values, we reconcile the aggregate fair values of the reporting units to the enterprise market capitalization including an implied control premium. In performing the reconciliation we may, depending on the volatility of the market value of our stock price, use either the stock price on the valuation date or the average stock price over a range of dates around the valuation date. We compare the implied control premium to premiums paid in observable recent transactions of comparable companies to determine if the accumulated fair values of all the reporting units are reasonable.

For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We assess the impairment of long-lived assets (including identifiable intangibles) whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that we consider important that could trigger an impairment review include:

- significant under-performance relative to expected, historical or projected future operating results;
- significant changes in the manner of use of the long-lived assets, intangible assets or the strategy for our

overall business;
- a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of before the end of its previously estimated useful life; and
- significant negative industry, legal, regulatory or economic trends.

When management determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we test for any impairment based on a projected undiscounted cash flow method. Projected future operating results and cash flows of the asset or asset group are used to establish the fair value used in evaluating the carrying value of long-lived and intangible assets. We estimate the future cash flows of the long-lived assets using current and long-term financial forecasts. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If this is the case, an impairment loss would be recognized. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

In 2009, our reviews indicated an impairment charge of $3.8 million related to the developed technology intangible assets of certain product lines that were acquired in 2006. There were no impairment losses recorded in 2011 and 2010.

***Valuation of Inventories.*** We value inventory at the lower of the actual cost to purchase and/or manufacture the inventory, or the current estimated net realizable value of the inventory. We review inventory quantities on hand and reduce the cost basis of excess and obsolete inventory based primarily on an estimated forecast of product demand, production requirements and the quality, efficacy and potency of raw materials. This review is done on a quarterly basis or, if warranted by the circumstances, more frequently. In addition, our industry is characterized by technological change, frequent new product development and product obsolescence that could result in an increase in the amount of obsolete inventory quantities on hand. Our estimates of future product demand may prove to be inaccurate, and if too high, we may have overstated the carrying value of our inventory. In the future, if inventory is determined to be overvalued, we would be required to write down the value of inventory to market and recognize such costs in our cost of goods sold at the time of such determination. Therefore, although we make efforts to ensure the accuracy of our forecasts of future product demand and perform procedures to safeguard overall inventory quality, any significant unanticipated changes in demand, technological developments, regulations, storage conditions, or other economic or environmental factors affecting biological materials, could have a significant impact on the value of our inventory and reported results of operations.

***Valuation of Investments.*** We regularly review our investments for factors that may indicate that a decline in the fair value of an investment below its carrying value is other-than-temporary. Some factors considered in evaluating whether or not a decline in fair value is other-than-temporary include our ability and intent to retain the investment for a period of time sufficient to allow for a recovery in value, the duration and extent to which the fair value has been less than cost and the financial condition and prospects of the issuer. Such reviews are inherently uncertain in that the value of the investment may not fully recover or may decline further in future periods resulting in realized losses.

***Warranty Reserves.*** We warrant certain equipment against defects in design, materials and workmanship, generally for a period of one year. Upon delivery and on acceptance of that equipment, we establish, as part of cost of goods sold, a provision for the expected costs of such warranty repairs based on historical experience, specific warranty terms and customer feedback. A review is performed on a quarterly basis to assess the adequacy of our warranty reserve and it is adjusted if necessary. The warranty reserve is based on actual experience and expected future costs to be incurred. Should realized costs be higher than expected costs, cost of goods sold would be lower in the period of estimation and higher when realized.

***Allowance for Doubtful Accounts.*** We maintain an allowance for doubtful accounts for estimated losses resulting from the collectability of our customer accounts. The amount of the allowance is determined by analyzing known uncollectible accounts, the age of our receivables, economic conditions in the customers' country or industry, historical losses and our customers' general credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this allowance. Uncertainty in the current economic

environment, if prolonged, could result in greater amounts becoming uncollectible in the future. Should the estimates of losses be higher than the actual uncollectible accounts, we would report lower profitability when the estimates are made and higher profitability when the receivable is collected.

***Litigation Accruals.*** We record as liabilities in our Consolidated Balance Sheets estimated amounts for claims that are probable and can be reasonably estimated. The likelihood of a material change in these estimated reserves is dependent on the possible outcome of settlement negotiations, regulatory or judicial review and the development of facts and circumstances in extended litigation which could change claims or assessments when both the amount and range of loss on some outstanding litigation is uncertain. We disclose in the footnotes of the financial statements when we are unable to make a reasonable estimate of a material liability that could result from unfavorable outcomes in litigation. As events occur, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions could materially impact our results of operations.

**Results of Operations -- Sales, Gross Margins and Expenses**

**Net sales**

Net sales (sales) in 2011 increased to $2.07 billion from $1.93 billion in 2010, a sales increase of 7.6%. Excluding the impact of foreign currency, 2011 sales increased by approximately 3.1% compared to 2010. Currency neutral sales growth was achieved in many regions, except for Europe.

The Life Science segment sales in 2011 were $694.7 million, an increase of 7.2% compared to 2010. On a currency neutral basis, sales increased 3.4% compared to 2010. Product groups showing growth included process chromatography media, imaging systems, amplification and electrophoresis. Currency neutral sales growth in the Life Science segment was primarily in the U.S., Latin America and the Pacific Rim. In many developed countries, constraints in government budgets have limited sales growth opportunities.

The Clinical Diagnostics segment sales in 2011 were $1.36 billion, an increase of 7.8% compared to 2010. On a currency neutral basis, sales increased 2.9% compared to 2010. Clinical Diagnostics product lines generating growth were immunohematology, quality controls, BioPlex 2200, diabetes monitoring and clinical microbiology. Currency neutral sales growth was primarily in the Pacific Rim, partially offset by weaker sales in Europe due to spending constraints in several countries' national healthcare systems.

Sales in 2010 increased 8.0% to $1.93 billion from $1.78 billion in 2009, with Biotest contributing approximately $56.1 million to the growth in sales. Foreign currency had minimal impact on total sales growth. Excluding the additional sales from the Biotest acquisition, 2010 sales grew by 4.8% on a currency neutral basis. Currency neutral sales growth, excluding Biotest, was achieved in all regions, but was primarily driven by growth in the Pacific Rim, Eastern Europe and Latin America.

The Life Science segment sales in 2010 were $648.1 million, an increase of 2.6%, or 2.2% on a currency neutral basis, compared to 2009. Sales growth was primarily attributed to real-time PCR products and a new product line TC 10™ automated cell counter, partially offset by general market weakness, especially in Europe. Currency neutral sales growth in the Life Science segment was primarily in the Pacific Rim, Eastern Europe, Latin America and North America, while European sales declined.

The Clinical Diagnostics segment reported sales in 2010 of $1.27 billion, an increase of 11.0% compared to 2009, with Biotest contributing approximately 4.9% to the sales growth. On a currency neutral basis, sales in 2010 increased 11.3% including Biotest compared to 2009. Clinical Diagnostics realized growth in its quality controls product line and in immunohematology (before the inclusion of Biotest), diabetes and BioPlex® 2200 instruments and reagents. Sales growth was primarily in the Pacific Rim, Eastern Europe and Latin America, and to a lesser extent North America.

**Gross margin**

Consolidated gross margins were 56.8% in 2011 compared to 56.6% in 2010 and were relatively unchanged for both the Life Science segment and the Clinical Diagnostics segment.

Consolidated gross margins were 56.6% in 2010 compared to 56.0% in 2009. Life Science segment gross margins in 2010 improved from 2009 by approximately 2.4%. The increase was primarily due to improved manufacturing overhead absorption, reduction in costs and a favorable product mix toward higher margin products. Clinical Diagnostics segment gross margins in 2010 decreased by approximately 0.4% from 2009. The Biotest acquisition had a negative impact on Clinical Diagnostics segment gross margins due to higher inventory values resulting from purchase accounting and overall lower margins than historically achieved by the segment. Partially offsetting this decrease in gross margins was a favorable settlement of intellectual property disputes and lower royalty expenses.

**Selling, general and administrative expense**

Consolidated selling, general and administrative expenses (SG&A) represented 33.6% of sales in 2011 compared to 33.0% of sales in 2010. Growth in SG&A was greater than the rate of sales growth. Increases were primarily driven by employee-related costs, our largest cost, professional services, bad debt provisions primarily associated with public agencies in southern Europe, facilities, travel, information technology and marketing.

Consolidated SG&A represented 33.0% of sales in 2010 compared to 33.7% of sales in 2009. The growth rate in absolute SG&A spending was less than the rate of sales growth. Moderation in spending for employee related costs and third party commissions lowered the rate of SG&A spending to sales. Absolute dollar increases in SG&A were primarily in employee-related costs, travel and related costs, and professional services.

**Research and development expense**

Research and development expense increased to $186.4 million or 9.0% of sales in 2011 compared to $172.3 million or 8.9% of sales in 2010. Life Science segment research and development expense increased in 2011 from 2010 in part due to the acquisition of QuantaLife in October 2011. Life Science segment efforts were concentrated on genomics, proteomics and process chromatography applications. Clinical Diagnostics segment research and development expense increased in 2011 from 2010 with efforts concentrated on diabetes and immunohematology, and is focused mainly on the development and cost reduction of instruments.

Research and development expense was $172.3 million in 2010, or 8.9% of sales, compared to $163.6 million or 9.2% of sales in 2009. Both the Life Science and Clinical Diagnostics segments research and development expense increased in absolute dollars, however as a percent of sales, Clinical Diagnostics segment expense decreased from 2009. Life Science segment efforts concentrated on genomics, proteomics process chromatography and food diagnostics applications. The majority of the Clinical Diagnostics segment increase was related to an additional emphasis in diabetes monitoring, clinical microbiology, expanded blood virus diagnostic tests and improved automation.

**Results of Operations – Non-operating**

**Interest expense**

Interest expense in 2011 decreased 16.6% to $53.1 million compared to 2010 primarily due to the refinancing of a portion of our debt in December 2010 through January 2011, lowering our overall borrowing rate. The interest rates on our current borrowings for our $300.0 million of 8.0% Senior Subordinated Notes are fixed through 2016 at 8.0% and for our $425.0 million of 4.875% Senior Notes are fixed through 2020 at 4.875%.

Interest expense in 2010 increased 35.5% to $63.7 million compared to 2009. The increase in interest expense in 2010 from 2009 was primarily due to the payment of a call premium and the expensing of unamortized debt issuance costs for the redemption of the $200.0 million of 6.125% Senior Subordinated Notes in December 2010,

and the interest associated with the $300.0 million of 8.0% Senior Subordinated Notes that were issued in May 2009. Our other principal debt obligation was the $225.0 million 7.5% Senior Subordinated Notes, which were redeemed in January 2011.

**Foreign currency exchange gains and losses**

Foreign currency exchange gains and losses consist of foreign currency transaction gains and losses on intercompany net receivables and payables and the change in fair value of our forward foreign exchange contracts used to manage our foreign currency exchange risk. Net foreign currency exchange losses for 2011, 2010 and 2009 were $13.8 million, $3.9 million and $5.0 million, respectively. The 2011, 2010 and 2009 net foreign currency exchange losses were attributable to market volatility, increasing costs to hedge and the result of the estimating process inherent in the timing of shipments and payments of intercompany debt. In addition, approximately $4.6 million of the 2011 loss was attributable to entering into larger forward foreign exchange contracts than required. All years are affected by the economic hedging program we employ to hedge our intercompany receivables and payables.

**Other income and expense, net**

Other income and expense, net includes investment and dividend income, generally interest income on our cash and cash equivalents, short-term investments and long term marketable securities. Other (income) expense, net for in 2011 increased to $7.6 million income compared to $3.9 million income in 2010. The increase was primarily due to higher investment income, which included dividend income from holdings in Sartorius AG whose dividends almost doubled from 2010, and a settlement of a legal dispute in the third quarter of 2010, partially offset by higher other-than-temporary impairment losses on certain investments during 2011 than in 2010.

Other income, net in 2010 was $3.9 million compared to $6.9 million in 2009. The decrease primarily resulted from non-recurring income of $4.6 million in 2009 related to the relief of a foreign non-income based tax obligation, partially offset by higher other-than-temporary impairment of investments in 2009 than in 2010.

**Effective tax rate**

Our effective tax rate was 24% and 15% in 2011 and 2010, respectively. The effective tax rates for both periods were lower than the U.S. statutory rate due to tax benefits for nontaxable dividend income, research and development tax credits, differences between U.S. and foreign statutory tax rates, and discrete events recorded in the period. The lower effective tax rate in 2010 was primarily due to a benefit of approximately $22.4 million that related to U.S. foreign tax credits associated with a $163.9 million distribution of earnings from our foreign affiliates to the U.S.

Our effective tax rate was 15% and 20% in 2010 and 2009, respectively. The effective tax rates in 2010 and 2009 both reflected tax benefits for nontaxable dividend income, research and development tax credits, and differences between U.S. and foreign rates. The lower effective tax rate in 2010 was primarily due to a benefit of approximately $22.4 million that related to U.S. foreign tax credits associated with a $163.9 million distribution of earnings from our foreign affiliates to the U.S.

Our effective tax rate may be impacted in the future, either favorably or unfavorably, by many factors including, but not limited to, changes to statutory tax rates, changes in tax laws or regulations, tax audits and settlements, and generation of tax credits.

***Liquidity and Capital Resources***

Bio-Rad operates and conducts business globally, primarily through subsidiary companies established in the markets in which we trade. Goods are manufactured in a small number of locations, and are then shipped to local distribution facilities around the world. Our product mix is diversified, and certain products compete largely on product efficacy, while others compete on price. Gross margins are generally sufficient to exceed normal operating

costs, and funding for research and development of new products, as well as routine outflows of capital expenditure, interest and taxes. In addition to the annual positive cash flow from operating activities, additional liquidity is readily available via the sale of short-term investments and access to our $200.0 million Amended and Restated Credit Agreement (Credit Agreement) that we entered into in June 2010. Borrowings under the Credit Agreement are on a revolving basis and can be used to make acquisitions, for working capital and for other general corporate purposes. We had no outstanding borrowings under the Credit Agreement as of December 31, 2011. The Credit Agreement expires on June 21, 2014.

The continuing slow economic growth in developed nations may adversely affect our future results of operations. Demand for our products and services could change more dramatically than in previous years based on activity, funding, reimbursement constraints and support levels from government, universities, hospitals and private industry, including diagnostic laboratories. The need for certain sovereign nations with large annual deficits to curtail spending could lead to slower growth of, or even a decline in our business. Sovereign nations either delaying payment for goods and services or renegotiating their debts could impact our liquidity. The situation in these sovereign nations is continuously developing and we have no greater knowledge of the situation other than what is being reported in the media. As of December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $81.3 million.

At December 31, 2011, we had available $813.1 million in cash, cash equivalents and short-term investments. Under domestic and international lines of credit, we had $220.5 million available for borrowing as of December 31, 2011, of which $12.6 million is reserved for standby letters of credit issued by our banks to guarantee our obligations, mostly to meet the deductible amount under insurance policies for our benefit. Management believes that this availability, together with cash flow from operations, will be adequate to meet our current objectives for operations, research and development, capital additions for manufacturing and distribution, plant and equipment, information technology systems and an acquisition of reasonable proportion to our existing total available capital.

The instability in credit markets along with inadequate capitalization in some parts of the financial services industry could impact both our ability and our customer's ability to access the necessary capital for acquisition, equipment and technology modernization, and the financing of inventory and receivables. Without this crucial intermediary function, manufacturers and end users may have to renegotiate existing arrangements, reduce activity levels or seek other business partners.

***Cash Flows from Operations***

Net cash provided by operations was $259.8 million, $225.9 million and $325.1 million in 2011, 2010, and 2009, respectively. The net increase between 2011 and 2010 of $33.9 million primarily represented higher cash received from customers due to higher sales, a decline in interest expense due to the refinancing of a portion of our debt in December 2010 and January 2011, and a decline in income taxes paid that was caused by timing differences, partially offset by an increase in the amount paid to suppliers and employees. During the second quarter of 2010, Bio-Rad made a large payment of 22.6 million Euros to a certain licensor, covering royalties for multiple years. We continue to focus on cash flow improvements as a global company-wide goal.

The net decrease between 2010 and 2009 of $99.2 million primarily represented an increase in cash paid to suppliers, including royalty payments covering multiple years and payments to settle intellectual property disputes, higher payments on income taxes, and higher interest payments primarily from the call premium and the redemption of the $200.0 million of 6.125% Senior Subordinated Notes in December 2010, and the interest associated with the $300.0 million of 8.0% Senior Subordinated Notes that were issued in May 2009. Partially offsetting this decrease was an increase in cash received from customers compared to 2009. However, cash received from customers was at a slower rate than expected in 2010 due to a slowdown in cash collections, as many governments, especially in Europe, addressed the need for deficit reductions and sovereign borrowings.

We regularly review the allowance for uncollectible receivables and believe net accounts receivable are fully realizable. We also routinely review inventory for the impact of obsolescence and changes in market prices caused by the introduction of new products, technologies and in government reimbursement policies. We expect the first quarter of 2012 cash flows from operations to be lower than the fourth quarter of 2011 as Bio-Rad historically makes larger payments for royalties, fourth quarter sales commissions to third parties and annual employee bonuses during this period.

***Cash Flows from Investing Activities***

Net cash used in investing activities, including capital expenditures, was $383.4 million, $216.5 million and $176.0 million for 2011, 2010 and 2009, respectively. Capital expenditures in 2011 totaled $102.9 million, compared to $88.5 million and $68.0 million in 2010 and 2009, respectively. Capital expenditures represent the addition and replacement of production machinery and research equipment, ongoing manufacturing and facility additions for expansion, regulatory and environmental, and compliance. Also included in capital expenditures are investments in business systems and data communication upgrades and enhancements. All periods include equipment placed with Clinical Diagnostics segment customers who then contract to purchase our reagents for use. Capital expenditures have increased and we anticipate them to continue to increase in future periods due to the implementation of a global single instance Enterprise Resource Planning (ERP) platform and to expand our e-commerce platform internationally. The ERP software was purchased in December 2010. The estimated global implementation cost for the single instance ERP platform could reach approximately $150 million and is estimated to take approximately four more years to implement.

In October 2011, we acquired all the issued and outstanding stock of QuantaLife for a total consideration of $179.4 million that was comprised of $150.3 million in cash, a $5.0 million holdback of cash until the completion of certain post-closing matters, and contingent consideration potentially payable to QuantaLife shareholders. The contingent consideration was recognized at its estimated fair value of $24.1 million and could reach $48 million upon the achievement of certain sales and development milestones. This transaction was accounted for as the acquisition of a business and the operating results of QuantaLife are included in our Life Science segment from the acquisition date. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current state-of-the-art methods of quantitative PCR and we believe it will complement Bio-Rad's existing amplification business.

In January 2012, we purchased certain assets from a current raw materials supplier for approximately $15.5 million. The asset acquisition will be included in the Clinical Diagnostics segment's results of operations from the acquisition date and will be accounted for as a business combination. We believe this acquisition will allow us to secure the supply of critical raw materials and lower our overall costs in the Clinical Diagnostics segment.

In June 2011, we acquired the remaining outstanding shares of DiaMed S.E.A. Limited (DiaMed Thailand) from multiple noncontrolling shareholders for approximately $0.2 million in cash. In February 2011, we acquired an additional 39% of Distribuidora de Analitica para Medicina Ibérica S.A. (DiaMed Spain) from multiple noncontrolling shareholders, increasing our ownership in DiaMed Spain to 90% for approximately 2.5 million Euros, or approximately $3.4 million in cash. In September 2010, we acquired the remaining noncontrolling interests of DiaMed France SA for 10.2 million Euros, or approximately $12.9 million in cash. In January 2010, we acquired certain diagnostic businesses of Biotest AG for 45 million Euros, or approximately $64.9 million in cash. In October 2007, we began acquiring the outstanding shares of DiaMed Holding AG, with the final shares purchased in February 2010 for a total consideration over the years of $464.3 million, of which 86% of the outstanding shares payment was in October 2007. All of these acquisitions are included in our Clinical Diagnostics segment.

In January 2010, we acquired certain diagnostic businesses of Biotest AG (Biotest) for 45 million Euros (approximately $64.9 million) in cash. The operating results of these businesses are included in our Clinical Diagnostics segment.

We continue to review possible acquisitions to expand both our Life Science and Clinical Diagnostics segments. We routinely meet with the principals or brokers of the subject companies. It is not certain that any of these discussions will advance beyond the preliminary stages to completion at this time.

***Cash Flows from Financing Activities***

Net cash used in financing activities was $213.6 million in 2011, and net cash provided by financing activities was $228.7 million and $293.9 million in 2010 and 2009, respectively. Cash used in 2011 was attributable to the redemption in January 2011 of our $225.0 million 7.5% Senior Subordinated Notes, including a call premium of $2.8 million that was recorded in Interest expense in the Consolidated Statements of Income. Cash provided in 2010 was primarily due to issuing $425.0 million Senior Notes that were used to retire our 2014 bonds and our 2013 bonds in December 2010 and January 2011, respectively. Net cash provided by financing activities in 2009 was primarily due to Bio-Rad issuing $300.0 million of 8.0% Senior Subordinated Notes in May 2009, which yielded net proceeds of $294.8 million at an effective rate of 8.3%. We have outstanding Senior Notes of $425.0 million and Senior Subordinated Notes of $300.0 million, which are not due until 2020 and 2016, respectively.

The Credit Agreement that was entered into in June 2010 is secured by substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain foreign subsidiaries. It is guaranteed by all of our existing and future material domestic subsidiaries and expires in June 2014.

The Board of Directors has authorized the repurchase of up to $18 million of Bio-Rad's common stock over an indefinite period of time of which $3.3 million has yet to be repurchased. The Credit Agreement and the indenture governing our 8.0% Senior Subordinated Notes restrict our ability to repurchase our stock. We did not repurchase any shares of our common stock during 2011, 2010 or 2009.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have had or are reasonably likely to have a current or future material effect on our financial condition, results of operations or liquidity.

**Contractual Obligations**

The following summarizes certain of our contractual obligations as of December 31, 2011 and the effect such obligations are expected to have on our cash flows in future periods (in millions):

| Contractual Obligations | Payments Due by Period Total | Less Than One Year | 1-3 Years | 3-5 Years | More than 5 Years |
|---|---|---|---|---|---|
| Long-term debt, including current portion (1) | $ 732.3 | $ 0.6 | $ 0.4 | $ 296.6 | $ 434.7 |
| Interest payments | 298.5 | 44.7 | 89.4 | 82.4 | 82.0 |
| Operating lease obligations (2) | 148.4 | 34.9 | 48.6 | 26.3 | 38.6 |
| Purchase obligations (3) | 73.0 | 72.0 | 1.0 | — | — |
| Long-term liabilities (4) | 67.3 | — | 28.4 | 1.7 | 37.2 |

(1) These amounts represent expected cash payments, including capital lease obligations and are included in our December 31, 2011 Consolidated Balance Sheets. See Note 5 of the Consolidated Financial Statements for additional information about our debt.

(2) Operating lease obligations are described in Note 11 of the Consolidated Financial Statements.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding to Bio-Rad and that specify all significant terms. Purchase obligations exclude agreements that are cancelable without penalty.

(4) Excluded from this table is our liability for income tax payable, including uncertain tax positions, in the amount of $8.9 million. We are not able to reasonably estimate the timing of future cash flows of these tax liabilities, therefore, our income tax obligations are excluded from the table above. See Note 6 of the Consolidated Financial Statements for additional information about our income taxes.

***Recent Accounting Standards Updates***

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance in regard to fair value measurement. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards (IFRS). This guidance is effective for interim and annual periods beginning after December 15, 2011. We do not anticipate that the adoption of this guidance will have a material impact on our consolidated financial statements.

In June 2011, the FASB issued guidance in regard to the presentation of comprehensive income. In the new guidance an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB deferred the new requirement to present components of reclassifications of other comprehensive income on the face of the income statement. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Bio-Rad is currently evaluating the alternative presentations; however, the adoption of this guidance will not have a material impact on our consolidated financial statements as it relates to required disclosures and presentation only.

In September 2011, the FASB issued guidance in regard to goodwill impairment. The new guidance is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities with the option of performing a "qualitative" assessment to determine whether further impairment testing is necessary. An entity can choose to perform the qualitative assessment on none, some, or all of its reporting units. Moreover, an entity can bypass the qualitative assessment for any reporting unit in any period and proceed directly to step one of the impairment test, and then perform the qualitative assessment in any subsequent period. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. If adopted, we do not expect this guidance to have a material impact on our consolidated financial statements.

**ITEM 7A. QUANTITIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Financial Risk Management**

The main goal of Bio-Rad's financial risk management program is to reduce the variance in expected cash flows arising from unexpected foreign exchange rate and interest rate changes. Financial exposures are managed through operational means and by using various financial instruments, including cash and liquid resources, borrowings, and forward and spot foreign exchange contracts. No derivative financial instruments are entered into for the purpose of trading or speculation. Company policy requires that all derivative positions are undertaken to manage the risks arising from underlying business activities. These derivative transactions do not qualify for hedge accounting treatment per general standards for derivatives and hedging. Derivative instruments used in these transactions are valued at fair value and changes in fair value are included in reported earnings.

***Foreign Exchange Risk.*** We operate and conduct business in many countries and are exposed to movements in foreign currency exchange rates. We face transactional currency exposures that arise when we enter into transactions denominated in currencies other than U.S. dollars. Additionally, our consolidated net equity is impacted by the conversion of the net assets of our international subsidiaries for which the functional currency is not the U.S. dollar.

Foreign currency exposures are managed on a centralized basis. This allows for the netting of natural offsets and lowers transaction costs and net exposures. Where possible, we seek to manage our foreign exchange risk in part through operational means, including matching same-currency revenues to same currency costs, and same-currency assets to same-currency liabilities. Moreover, weakening in one currency can often be offset by strengthening in another currency. Foreign exchange risk is also managed through the use of forward foreign exchange contracts. Positions are primarily in Euro, Swiss Franc, British Sterling, Singapore Dollar and Japanese Yen. The majority of forward contracts are for periods of 90 days or less. We record the change in value of our foreign currency receivables and payables as a Foreign exchange (gain) loss on our Consolidated Statements of Income along with the change in fair market value of the forward exchange contract used as an economic hedge of those assets or liabilities.

Our forward contract holdings at year-end were analyzed to determine their sensitivity to fluctuations in foreign currency exchange rates. All other variables were held constant. Market risk associated with derivative holdings is the potential change in fair value of derivative positions arising from an adverse movement in foreign exchange rates. A decline of 10% on quoted foreign exchange rates would result in an approximate net-present-value loss of $35 million on our derivative position as of December 31, 2011. This impact of a change in exchange rates excludes the offset derived from the change in value of the underlying assets and liabilities, which could reduce the adverse effect significantly.

***Interest Rate Risk of Debt Instruments.*** Bio-Rad centrally manages the short-term cash surpluses and shortfalls of its subsidiaries. Our holdings of variable rate debt instruments at year-end were analyzed to determine their sensitivity to movements in interest rates. Due to the relatively small amount of short-term variable rate debt we have outstanding, there would not be a material impact to earnings or cash flows if interest rates moved adversely by 10%. Our long-term debt consists primarily of fixed-rate instruments, and is thus insulated from interest rate changes. As of December 31, 2011, the overall interest rate risk associated with our debt was not significant.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**Index to Consolidated Financial Statements**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**Board of Directors and Stockholders of Bio-Rad Laboratories, Inc.**

We have audited the accompanying consolidated balance sheets of Bio-Rad Laboratories, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of income, cash flows, and changes in stockholders' equity and comprehensive income for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bio-Rad Laboratories, Inc. at December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Bio-Rad Laboratories, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2012, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California
February 29, 2012

BIO-RAD LABORATORIES, INC.
Consolidated Balance Sheets
(In thousands)

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 574,231 | $ 906,551 |
| Restricted cash | — | 6,422 |
| Short-term investments | 238,884 | 118,636 |
| Accounts receivable, less allowance for doubtful accounts of $33,259 at 2011 and $25,052 at 2010 | 398,674 | 387,996 |
| | | |
| Inventories: | | |
| Raw materials | 99,326 | 82,270 |
| Work in process | 120,191 | 110,527 |
| Finished goods | 213,993 | 205,303 |
| Total inventories | 433,510 | 398,100 |
| | | |
| Deferred tax assets | 53,777 | 48,021 |
| Prepaid expenses, taxes and other current assets | 99,079 | 109,620 |
| Total current assets | 1,798,155 | 1,975,346 |
| | | |
| Property, plant and equipment: | | |
| Land and improvements | 19,044 | 18,456 |
| Buildings and leasehold improvements | 249,615 | 232,959 |
| Equipment | 613,253 | 560,718 |
| Total property, plant and equipment | 881,912 | 812,133 |
| Less: accumulated depreciation and amortization | (532,411) | (478,516) |
| Property, plant and equipment, net | 349,501 | 333,617 |
| | | |
| Goodwill, net | 468,933 | 363,981 |
| Purchased intangibles, net | 259,497 | 203,881 |
| Long-term deferred tax assets | 11,189 | 12,976 |
| Other assets | 209,528 | 172,963 |
| Total assets | $ 3,096,803 | $ 3,062,764 |

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

BIO-RAD LABORATORIES, INC.
Consolidated Balance Sheets
(continued)
(In thousands, except share data)

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 129,124 | $ 113,440 |
| Accrued payroll and employee benefits | 112,564 | 131,381 |
| Notes payable and current maturities of long-term debt | 814 | 233,181 |
| Income and other taxes payable | 52,285 | 50,935 |
| Accrued royalties | 25,219 | 23,944 |
| Deferred revenue | 24,322 | 20,642 |
| Other current liabilities | 114,787 | 93,104 |
| Total current liabilities | 459,115 | 666,627 |
| | | |
| Long-term debt, net of current maturities | 731,698 | 731,100 |
| Deferred income taxes | 85,522 | 59,738 |
| Other long-term liabilities | 76,086 | 64,780 |
| Total liabilities | 1,352,421 | 1,522,245 |
| | | |
| Commitments and contingent liabilities | | |
| | | |
| Stockholders' equity: | | |
| Bio-Rad stockholders' equity: | | |
| Preferred stock, $0.0001 par value, 7,500,000 shares authorized; issued and outstanding - none | — | — |
| Class A common stock, $0.0001 par value, 80,000,000 shares authorized; issued and outstanding - 23,020,215 at 2011 and 22,677,300 at 2010 | 2 | 2 |
| Class B common stock, $0.0001 par value, 20,000,000 shares authorized; issued and outstanding - 5,164,765 at 2011 and 5,175,343 at 2010 | 1 | 1 |
| Additional paid-in capital | 185,334 | 156,986 |
| Retained earnings | 1,359,910 | 1,181,687 |
| Accumulated other comprehensive income: | | |
| Currency translation and other | 198,690 | 198,020 |
| Total Bio-Rad stockholders' equity | 1,743,937 | 1,536,696 |
| Noncontrolling interests | 445 | 3,823 |
| Total stockholders' equity | 1,744,382 | 1,540,519 |
| Total liabilities and stockholders' equity | $ 3,096,803 | $ 3,062,764 |

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

BIO-RAD LABORATORIES, INC.
Consolidated Statements of Income
(In thousands, except per share data)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Net sales | $ 2,073,529 | $ 1,927,118 | $ 1,784,244 |
| Cost of goods sold | 895,640 | 835,630 | 784,401 |
| Gross profit | 1,177,889 | 1,091,488 | 999,843 |
| Selling, general and administrative expense | 696,294 | 635,213 | 601,468 |
| Research and development expense | 186,439 | 172,266 | 163,585 |
| Impairment loss on long-lived assets | — | — | 3,802 |
| Income from operations | 295,156 | 284,009 | 230,988 |
| Interest expense | 53,135 | 63,717 | 47,024 |
| Foreign exchange losses, net | 13,842 | 3,884 | 5,003 |
| Other (income) expense, net | (7,583) | (3,875) | (6,871) |
| Income before income taxes | 235,762 | 220,283 | 185,832 |
| Provision for income taxes | (57,739) | (33,348) | (36,667) |
| Net income including noncontrolling interests | 178,023 | 186,935 | 149,165 |
| Net loss (income) attributable to noncontrolling interests | 200 | (1,445) | (4,545) |
| Net income attributable to Bio-Rad | $ 178,223 | $ 185,490 | $ 144,620 |
| | | | |
| Basic earnings per share: | | | |
| Net income per share basic attributable to Bio-Rad | $ 6.36 | $ 6.70 | $ 5.28 |
| Weighted average common shares - basic | 28,031 | 27,665 | 27,404 |
| | | | |
| Diluted earnings per share: | | | |
| Net income per share diluted attributable to Bio-Rad | $ 6.26 | $ 6.59 | $ 5.20 |
| Weighted average common shares - diluted | 28,468 | 28,151 | 27,828 |

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

BIO-RAD LABORATORIES, INC.
Consolidated Statements of Cash Flows
(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Cash flows from operating activities: | | | |
| Cash received from customers | $ 2,018,755 | $1,877,483 | $ 1,778,316 |
| Cash paid to suppliers and employees | (1,656,467) | (1,536,935) | (1,386,382) |
| Interest paid | (56,859) | (59,834) | (38,471) |
| Income tax payments | (52,131) | (55,502) | (37,749) |
| Investment proceeds and miscellaneous receipts, net | 9,686 | 3,625 | 10,024 |
| Excess tax benefits from share-based compensation | (3,168) | (2,928) | (664) |
| Net cash provided by operating activities | 259,816 | 225,909 | 325,074 |
| Cash flows from investing activities: | | | |
| Capital expenditures | (102,888) | (88,453) | (68,044) |
| Proceeds from sale of property, plant and equipment | 234 | 1,190 | 1,249 |
| Payments for acquisitions, net of cash received, and long-term investments | (158,538) | (89,307) | (35,990) |
| Payments on purchases of intangible assets | (436) | (4,081) | (9,566) |
| Purchases of marketable securities and investments | (509,310) | (240,286) | (147,554) |
| Sales of marketable securities and investments | 48,825 | 4,193 | 7,746 |
| Maturities of marketable securities and investments | 335,781 | 203,443 | 78,727 |
| Proceeds from (payments for) foreign currency economic hedges, net | 2,919 | 3,211 | (2,520) |
| Restricted cash | — | (6,422) | — |
| Net cash used in investing activities | (383,413) | (216,512) | (175,952) |
| Cash flows from financing activities: | | | |
| Net payments on line-of-credit arrangements and notes payable | (3,900) | (830) | (2,303) |
| Long-term borrowings | — | 424,633 | 294,750 |
| Payments on long-term borrowings | (226,835) | (206,706) | (6,823) |
| Proceeds from issuance of common stock | 14,249 | 12,730 | 10,286 |
| Debt issuance costs on long-term borrowings | (242) | (4,010) | (2,641) |
| Excess tax benefits from share-based compensation | 3,168 | 2,928 | 664 |
| Net cash (used in) provided by financing activities | (213,560) | 228,745 | 293,933 |
| Effect of foreign exchange rate changes on cash | 4,837 | 18,471 | 2,359 |
| Net (decrease) increase in cash and cash equivalents | (332,320) | 256,613 | 445,414 |
| Cash and cash equivalents at beginning of year | 906,551 | 649,938 | 204,524 |
| Cash and cash equivalents at end of year | $ 574,231 | $ 906,551 | $ 649,938 |

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

BIO-RAD LABORATORIES, INC.
Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income

(in thousands)

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total Bio-Rad | Non-controlling Interests | Total |
|---|---|---|---|---|---|---|---|
| **Balance at January 1, 2009** | $ 3 | $ 124,401 | $ 851,577 | $ 65,158 | $1,041,139 | $ 29,501 | $1,070,640 |
| Net income | — | — | 144,620 | — | 144,620 | 4,545 | 149,165 |
| Currency translation adjustments | — | — | — | 34,307 | 34,307 | (195) | 34,112 |
| Other post-employment benefits adjustments, net of tax benefit of $432 | — | — | — | (1,072) | (1,072) | 224 | (848) |
| Net unrealized holding gains, net of tax expense of $2,768 | — | — | — | 32,492 | 32,492 | — | 32,492 |
| *Reclassification adjustments for gains included in net income, net of tax expense of $1,279 | — | — | — | 2,197 | 2,197 | — | 2,197 |
| Total comprehensive income | | | | | 212,544 | 4,574 | 217,118 |
| Issuance of common stock | — | 10,286 | — | — | 10,286 | — | 10,286 |
| Stock compensation expense | — | 9,084 | — | — | 9,084 | — | 9,084 |
| Tax benefit-exercise stock options | — | 696 | — | — | 696 | — | 696 |
| Purchase of additional controlling interests | — | (14,023) | — | — | (14,023) | (14,588) | (28,611) |
| **Balance at December 31, 2009** | 3 | 130,444 | 996,197 | 133,082 | 1,259,726 | 19,487 | 1,279,213 |
| Net income | — | — | 185,490 | — | 185,490 | 1,445 | 186,935 |
| Currency translation adjustments | — | — | — | 52,139 | 52,139 | 226 | 52,365 |
| Other post-employment benefits adjustments, net of tax benefit of $750 | — | — | — | (2,311) | (2,311) | (224) | (2,535) |
| Net unrealized holding gains, net of tax expense of $8,574 | — | — | — | 14,725 | 14,725 | — | 14,725 |
| *Reclassification adjustments for gains included in net income, net of tax expense of $224 | — | — | — | 385 | 385 | — | 385 |
| Total comprehensive income | | | | | 250,428 | 1,447 | 251,875 |
| Issuance of common stock | — | 12,730 | — | — | 12,730 | — | 12,730 |
| Stock compensation expense | — | 10,201 | — | — | 10,201 | — | 10,201 |
| Tax benefit-exercise stock options | — | 3,161 | — | — | 3,161 | — | 3,161 |
| Purchase of additional controlling interests and other | — | 450 | — | — | 450 | (17,111) | (16,661) |
| **Balance at December 31, 2010** | 3 | 156,986 | 1,181,687 | 198,020 | 1,536,696 | 3,823 | 1,540,519 |
| Net income (loss) | — | — | 178,223 | — | 178,223 | (200) | 178,023 |
| Currency translation adjustments | — | — | — | (12,683) | (12,683) | 189 | (12,494) |
| Reclassification of realized portion of cumulative translation adjustments due to liquidation, net of tax of $0 | — | — | — | (1,055) | (1,055) | — | (1,055) |
| Other post-employment benefits adjustments, net of tax expense of $486 | — | — | — | 1,641 | 1,641 | — | 1,641 |
| Net unrealized holding gains, net of tax expense of $7,494 | — | — | — | 12,871 | 12,871 | — | 12,871 |
| *Reclassification adjustments for losses included in net income, net of tax benefit of $61 | — | — | — | (104) | (104) | — | (104) |
| Total comprehensive income (loss) | | | | | 178,893 | (11) | 178,882 |
| Issuance of common stock | — | 14,249 | — | — | 14,249 | — | 14,249 |
| Stock compensation expense | — | 10,738 | — | — | 10,738 | — | 10,738 |
| Tax benefit-exercise stock options | — | 3,582 | — | — | 3,582 | — | 3,582 |
| Purchase of additional controlling interests and other | — | (221) | — | — | (221) | (3,367) | (3,588) |
| **Balance at December 31, 2011** | $ 3 | $ 185,334 | $1,359,910 | $ 198,690 | $1,743,937 | $ 445 | $1,744,382 |

The accompanying notes are an integral part of these consolidated financial statements. * Calculated using the specific identification method.

## *1. SIGNIFICANT ACCOUNTING POLICIES*

### Basis of Presentation

The consolidated financial statements include the accounts of Bio-Rad Laboratories, Inc. and all of our wholly and majority owned subsidiaries (referred to in this report as "Bio-Rad," "we," "us" and "our") after elimination of intercompany balances and transactions. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

We evaluate subsequent events and the evidence they provide about conditions existing at the date of the balance sheet as well as conditions that arose after the balance sheet date but through the date the financial statements are issued. The effects of conditions that existed at the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions.

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less which are readily convertible into cash. Cash equivalents are stated at cost, which approximates fair value.

### Restricted Cash

Restricted cash of approximately $6.4 million at December 31, 2010 represented a deposit in an escrow account for the final lump sum payment under a building finance lease. That amount was paid in June 2011. There was no restricted cash balance as of December 31, 2011.

### Available-for-Sale Investments

Available-for-sale investments consist of corporate obligations, municipal securities, asset backed securities, U.S. government sponsored agencies and marketable equity securities. Management classifies investments at the time of purchase and reevaluates such classification at each balance sheet date. Investments with maturities beyond one year may be classified as short-term based on their liquid nature and because such marketable securities represent the investment of cash that is available for current operations. Available-for-sale investments are reported at fair value based on quoted market prices and other observable market data. Unrealized gains and losses are reported as a component of other comprehensive income, net of any related tax effect. Unrealized losses are charged against income when a decline in the fair value of an individual security is determined to be other-than-temporary. We review our available-for-sale investments for other-than-temporary losses on a quarterly basis. Realized gains and losses and other-than-temporary impairments on investments are included in Other (income) expense, net (see Note 9).

### Concentration of Credit Risk

Financial instruments that potentially subject us to concentration of credit risk consist primarily of cash and cash equivalents, investments, foreign exchange contracts and trade accounts receivable. Cash and cash equivalents and investments are placed with various highly rated major financial institutions located in different geographic regions. Bio-Rad has not sustained significant losses from instruments held at financial institutions.

The forward contracts used in managing our foreign currency exposures have an element of risk in that the counterparties may be unable to meet the terms of the agreements. We attempt to minimize this risk by limiting the counterparties to a diverse group of highly-rated domestic and international financial institutions. In the event of non-performance by these counterparties, the carrying values of our financial instruments represent the maximum amount of loss we would have incurred as of our fiscal year-end. However, we do not expect to record any losses as a result of counterparty default.

We perform credit evaluation procedures related to our trade receivables and with the exception of certain developing countries, generally do not require collateral. As a result of increased risk in certain developing countries, some Bio-Rad sales are subject to collateral letters of credit from our customers. Credit risk for trade accounts receivable is generally limited due to the large number of customers and their dispersion across many geographic areas. However, a significant amount of trade receivables are with national healthcare systems in countries within the European Union.

**Accounts Receivable**

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The amount of the allowance is determined by analyzing known uncollectible accounts, aged receivables, economic conditions in the customers' country or industry, historical losses and our customers' credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this reserve.

**Inventory**

Inventories are valued at the lower of actual cost or market (net realizable value) and include material, labor and overhead costs. The First-in, First-out (FIFO) method is used to remove inventory.

**Property, Plant and Equipment**

Property, plant and equipment are carried at cost, less accumulated depreciation and amortization. Included in property, plant and equipment are buildings and equipment acquired under capital lease arrangements, reagent rental equipment and capitalized software, including costs for software developed or obtained for internal use. Property, plant and equipment are assessed for impairment quarterly or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Buildings and leasehold improvements are amortized over 15-30 years or the term of the leases or life of the improvements, whichever is shorter. With the exception of reagent rental equipment, which is amortized over a 1-5 year period, equipment is depreciated over 3-12 years.

**Goodwill**

Goodwill represents the excess of the cost over the fair value of net tangible and identifiable intangible assets of acquired businesses. Goodwill is assessed for impairment by applying fair value based tests annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We perform impairment tests of goodwill at our reporting unit level, which is one level below our reporting segments. Our reporting units are identified as components for which discrete financial information is available and is regularly reviewed by management. Goodwill amounts are assigned to reporting units at the time of acquisition.

The goodwill impairment test consists of a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of a reporting unit to its carrying value, including goodwill. We use a projected discounted cash flow model to determine the fair value of a reporting unit. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, and the second step of the impairment test is not required. The second step, if required, compares the implied fair value of

the reporting unit goodwill with the carrying amount of that goodwill. The fair value of a reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. If the carrying amount of the reporting unit's goodwill exceeds its implied fair value, an impairment charge is recognized in an amount equal to that excess.

**Long-Lived Assets**

For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. We assess the impairment of long-lived assets (including identifiable intangible assets) quarterly or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that we consider important that could trigger an impairment review include:

- significant under-performance relative to expected, historical or projected future operating results;
- significant changes in the manner of use of the long-lived assets, intangible assets or the strategy for our overall business;
- a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of at a loss before the end of its previously estimated useful life; and
- significant negative industry, legal, regulatory or economic trends.

When management determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, we test for any impairment based on a projected undiscounted cash flow method. Projected future operating results and cash flows of the asset or asset group are used to establish the fair value used in evaluating the carrying value of long-lived and intangible assets. We estimate the future cash flows of the long-lived assets using current and long-term financial forecasts. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If this is the case, an impairment loss would be recognized. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

**Income Taxes**

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. To the extent we determine that we are able to realize our deferred income tax assets in the future in excess of their net recorded amount, we make an adjustment to the valuation allowance which may reduce the provision for income taxes.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than a 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to unrecognized tax benefits in income tax expense.

**Revenue Recognition**

Revenue is recognized when pervasive evidence of an arrangement exists, the price to the buyer is fixed or determinable, collectability is reasonably assured and title has passed to the customer or product has been delivered absent specific contractual specifications. Revenue associated with equipment that requires factory installation is not recorded until installation is complete and customer acceptance, if required contractually, has occurred. At the time the related revenue is recognized, a provision is recognized for estimated product returns. Reagent agreements are a diagnostic industry sales method that provides use of an instrument if the customer exclusively purchases the company's reagents to use on that instrument. We evaluate our reagent agreements and account for these contracts under the guidance pertaining to accounting for revenue arrangements with multiple deliverables. All revenues that we earn under our reagent agreements are recognized pursuant to the terms of each arrangement either when the reagent has been delivered to or used by the customer. Service revenues on extended warranty contracts are recognized ratably over the life of the service agreement, or as services are performed if not under contract.

**Shipping and Handling**

We classify all freight costs billed to customers as Net sales. Related freight costs are included in Cost of goods sold.

**Warranty**

We warrant certain equipment against defects in design, materials and workmanship, generally for a period of one year. Upon delivery of that equipment, we establish, as part of Cost of goods sold, a provision for the expected costs of such warranty based on historical experience, specific warranty terms and customer feedback. A review is performed on a quarterly basis to assess the adequacy of our warranty accrual.

Changes in the warranty accrual, included in Other current liabilities and Other long-term liabilities, were as follows (in millions):

| | 2011 | 2010 |
|---|---|---|
| January 1 | $ 18.3 | $ 16.1 |
| Provision for warranty | 21.1 | 19.7 |
| Actual warranty costs | (23.0) | (17.5) |
| December 31 | $ 16.4 | $ 18.3 |

**Research and Development**

Internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed. Purchased in-process research and development costs before January 1, 2010 were expensed at the time of purchase. Beginning January 1, 2010 under a new accounting standard, purchased in-process research and development costs acquired in a business combination are capitalized as an intangible asset.

**Foreign Currency**

Balance sheet accounts of international subsidiaries are translated at the current exchange rates as of the end of the accounting period. Income statement items are translated at average exchange rates for the period. The resulting translation adjustments are recorded as a separate component of stockholders' equity.

Foreign currency transaction gains and losses are included in Foreign exchange losses, net in the Consolidated Statements of Income. Transaction gains and losses result primarily from fluctuations in exchange rates when intercompany receivables and payables are denominated in currencies other than the functional currency of our subsidiary that recorded the transaction.

**Forward Foreign Exchange Contracts**

As part of distributing our products, we regularly enter into intercompany transactions. We enter into forward foreign exchange contracts to manage foreign exchange risk of future movements in exchange rates that affect foreign currency denominated intercompany receivables and payables. We do not use derivative financial instruments for speculative or trading purposes, nor do we seek hedge accounting treatment for any of our contracts. As a result, these contracts, generally with maturity dates of 90 days or less and related primarily to currencies of industrial countries, are recorded as an asset or liability measured at their fair value at each balance sheet date. The resulting gains or losses offset exchange gains or losses, on the related receivables and payables, all of which are recorded as Foreign exchange losses, net in the Consolidated Statements of Income. The cash flows related to these contracts are classified as Cash flows from investing activities in the Consolidated Statements of Cash Flows.

**Noncontrolling Interests**

A noncontrolling interest in a subsidiary is an ownership interest in a consolidated entity that is reported as equity in the consolidated financial statements and separate from Bio-Rad's equity. In addition, net income (loss) attributable to noncontrolling interests is reported separately from net income attributable to Bio-Rad in the consolidated financial statements.

We do not own 100% of the voting stock of one of our consolidated subsidiaries. The remaining shares held by third parties represent a noncontrolling (or minority) interest in this subsidiary. Our consolidated statements present the full amount of assets, liabilities, income and expenses of all of our consolidated subsidiaries, with a partially offsetting amount shown in noncontrolling interests for the portion of these assets and liabilities that are not controlled by us.

**Share-Based Compensation Plans**

Stock-based compensation expense for all share-based payment awards granted is determined based on the grant-date fair value. We recognize these compensation costs net of estimated forfeitures over the requisite service period of the award, which is generally the vesting term of the share-based payment awards. We estimated the forfeiture rate based on our historical experience. These plans are described more fully in Note 8.

**Earnings per Share**

Basic earnings per share is computed by dividing net income (loss) attributable to Bio-Rad by the weighted average number of common shares outstanding for that period. Diluted earnings per share takes into account the effect of dilutive instruments, such as stock options and restricted stock, and uses the average share price for the period in determining the number of potential common shares that are to be added to the weighted average number of shares outstanding. Potential common shares are excluded from the diluted earnings per share calculation if the effect would be anti-dilutive.

Unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of earnings per share (EPS) pursuant to the two-class method. As our unvested restricted shares qualify as participating securities, we have included these shares in the computation of EPS.

The weighted average number of common shares outstanding used to calculate basic and diluted earnings per share and the anti-dilutive shares are as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Basic weighted average shares outstanding | 28,031 | 27,665 | 27,404 |
| Effect of potentially dilutive stock options and restricted stock awards | 437 | 486 | 424 |
| Diluted weighted average common shares | 28,468 | 28,151 | 27,828 |
| Anti-dilutive shares | 63 | 114 | 176 |

**Fair Value of Financial Instruments**

For certain financial instruments, including cash and cash equivalents, short-term investments, accounts receivable, marketable securities, notes payable, accounts payable and foreign exchange contracts, the carrying amounts approximate fair value.

The estimated fair value of financial instruments is based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) using available market information or other appropriate valuation methodologies in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Estimates are not necessarily indicative of the amounts that could be realized in a current market exchange as considerable judgment is required in interpreting market data used to develop estimates of fair value. The use of different market assumptions or estimation techniques could have a material effect on the estimated fair value (see Note 3).

**Recent Accounting Standards Updates**

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance in regard to fair value measurement. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards (IFRS). This guidance is effective for interim and annual periods beginning after December 15, 2011. We do not anticipate that the adoption of this guidance will have a material impact on our consolidated financial statements.

In June 2011, the FASB issued guidance in regard to the presentation of comprehensive income. In the new guidance an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB deferred the new requirement to present components of reclassifications of other comprehensive income on the face of the income statement. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Bio-Rad is currently evaluating the alternative presentations; however, the adoption of this guidance will not have a material impact on our consolidated financial statements as it relates to required disclosures and presentation only.

In September 2011, the FASB issued guidance in regard to goodwill impairment. The new guidance is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities with the option of performing a "qualitative" assessment to determine whether further impairment testing is necessary. An entity can choose to perform the qualitative assessment on none, some, or all of its reporting units. Moreover, an entity can bypass the qualitative assessment for any reporting unit in any period and proceed directly to step one of the impairment test, and then perform the qualitative assessment in any subsequent period. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. If adopted, we do not expect this guidance to have a material impact on our consolidated financial statements.

## *2. ACQUISITIONS*

On October 4, 2011, we acquired all of the issued and outstanding stock of QuantaLife, Inc. (QuantaLife). The fair value of the consideration as of the acquisition date was $179.4 million, which comprised of $150.3 million paid in cash at the closing date, a $5.0 million holdback of cash until the completion of certain post-closing matters, and $24.1 million in contingent consideration potentially payable to QuantaLife shareholders. The contingent consideration was recognized at its estimated fair value of $24.1 million, based on a probability-weighted income approach, and could reach $48 million upon the achievement of certain sales and development milestones. The contingent consideration for the development milestone was valued based on assumptions regarding the probability of achieving the milestone, with such amounts discounted to present value. The contingent consideration for the sales milestones were valued based on a statistical significant number of simulations for each potential outcome. The operating results of this business are included in the results of operations of our Life Science segment from the acquisition date. The acquisition was accounted for as a business combination. We do not consider the QuantaLife acquisition to be a material business combination and, therefore, have not disclosed the pro forma results of operations as required for material business combinations.

The fair values of the net assets acquired as of the acquisition date were determined to be $106.1 million of goodwill, $94.7 million of intangible assets and $21.4 million of net tangible liabilities. We do not expect the goodwill recorded to be deductible for tax purposes. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current state-of-the-art methods of quantitative Polymerase Chain Reaction (PCR) and we believe it will complement Bio-Rad's existing amplification business.

The determination of the fair value of net assets acquired of QuantaLife was based upon valuation information, estimates and assumptions available at October 4, 2011. We are still finalizing our analysis of a limited number of acquired tax attributes which could affect the fair values of certain deferred tax assets and goodwill. As a result, as of December 31, 2011, our accounting for the acquisition was preliminary.

In January 2010, we acquired certain diagnostic businesses of Biotest AG (Biotest) for 45 million Euros (approximately $64.9 million) in cash. The acquisition was accounted for as a business combination. The operating results of these businesses are included in our Clinical Diagnostics segment. We acquired $30.9 million of net tangible assets, $12.8 million of goodwill and $21.2 million of intangible assets. The goodwill recorded will not be deductible for tax purposes. Integrating the acquired portion of Biotest's diagnostic businesses into our product portfolio broadened our product offering in the area of immunohematology and provided us access to the U.S. markets with a range of products.

In October 2007, we began acquiring the outstanding shares of DiaMed Holding AG (DiaMed). DiaMed develops, manufactures and markets worldwide a complete line of reagents used in blood typing and screening as well as instruments and instrument systems that use its proprietary reagents, and is included in our Clinical Diagnostics segment. The acquisition was performed in stages, with the final shares purchased in February 2010. Through December 2008, we acquired $38.1 million of net tangible assets, $202.0 million of goodwill and $192.8 million of intangible assets. The final two purchases were accounted for as equity transactions, which resulted in a net reduction of Bio-Rad’s additional paid in capital of $14.9 million. The following table summarizes the purchase activity related to DiaMed (in millions):

| | Percent Voting Interests | Consideration Paid |
|---|---|---|
| October 2007 | 86% | $ 399.3 |
| March 2008 | 3% | 14.0 |
| December 2008 | 4% | 19.6 |
| April 2009 | 6% | 30.0 |
| February 2010 | 1% | 1.4 |
| | 100% | $ 464.3 |

In June 2011, we acquired the remaining outstanding shares of DiaMed S.E.A. Limited (DiaMed Thailand) from multiple noncontrolling shareholders for approximately $0.2 million in cash. As this acquisition was accounted for as an equity transaction, Bio-Rad's noncontrolling interest was reduced by $1.0 million and additional paid-in-capital was increased by $0.8 million.

In February 2011, we acquired an additional 39% of Distribuidora de Analitica para Medicina Ibérica S.A. (DiaMed Spain) from multiple noncontrolling shareholders, increasing our ownership in DiaMed Spain to 90%. We paid approximately 2.5 million Euros or $3.4 million in cash. This acquisition was accounted for as an equity transaction, which reduced Bio-Rad's noncontrolling interests and additional paid-in capital by approximately $2.4 million and $1.0 million, respectively.

In September 2010, we acquired the remaining noncontrolling interests of DiaMed France SA. We paid 10.2 million Euros (approximately $12.9 million) in cash. Approximately 1.3 million Euros (approximately $1.7 million) was paid in July 2011 as additional contingent consideration. As this acquisition was accounted for as an equity transaction, Bio-Rad's additional paid-in capital was increased by $1.2 million.

## *3. FAIR VALUE MEASUREMENTS*

We determine the fair value of an asset or liability based on the assumptions that market participants would use in pricing the asset or liability. The identification of market participant assumptions provides a basis for determining what inputs are to be used for pricing each asset or liability. A fair value hierarchy has been established which gives precedence to fair value measurements calculated using observable inputs over those using unobservable inputs. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Quoted prices in active markets for identical instruments
- Level 2: Other significant observable inputs (including quoted prices in active markets for similar instruments)
- Level 3: Significant unobservable inputs (including assumptions in determining the fair value of certain investments)

Financial assets and liabilities carried at fair value and measured on a recurring basis as of December 31, 2011 are classified in the hierarchy as follows (in millions):

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial Assets Carried at Fair Value: | | | | |
| Cash equivalents (a): | | | | |
| Commercial paper | $ — | $ 106.0 | $ — | $ 106.0 |
| Bonds | — | 8.6 | — | 8.6 |
| Time deposits | 21.6 | — | — | 21.6 |
| Money market funds | 58.3 | — | — | 58.3 |
| Total cash equivalents | 79.9 | 114.6 | — | 194.5 |
| Available-for-sale investments (b): | | | | |
| Corporate debt securities | — | 170.6 | — | 170.6 |
| Brokered certificates of deposit | — | 1.8 | — | 1.8 |
| U.S. government sponsored agencies | — | 36.9 | — | 36.9 |
| Foreign government obligations | — | 5.7 | — | 5.7 |
| Municipal obligations | — | 5.0 | — | 5.0 |
| Marketable equity securities | 134.8 | — | — | 134.8 |
| Asset-backed securities | — | 11.2 | — | 11.2 |
| Total available-for-sale investments | 134.8 | 231.2 | — | 366.0 |
| Forward foreign exchange contracts (c) | — | 0.8 | — | 0.8 |
| Total financial assets carried at fair value | $ 214.7 | $ 346.6 | $ — | $ 561.3 |
| | | | | |
| Financial Liabilities Carried at Fair Value: | | | | |
| Forward foreign exchange contracts (d) | $ — | $ 1.2 | $ — | $ 1.2 |
| Contingent consideration (e) | — | — | 24.1 | 24.1 |
| Total financial liabilities carried at fair value | $ — | $ 1.2 | $ 24.1 | $ 25.3 |

In addition to the assets and liabilities measured at fair value on a recurring basis, as included in the tables above, during the fourth quarter of 2011 we recognized a contingent consideration liability upon our acquisition of QuantaLife in October 2011 related to potential future payments due upon the achievement of certain sales and development milestones. The contingent consideration was determined based on a probability-weighted income approach. There was no significant change in the valuation of this liability from the acquisition date through December 31, 2011.

Financial assets and liabilities carried at fair value and measured on a recurring basis as of December 31, 2010 are classified in the hierarchy as follows (in millions):

| | Level 1 | Level 2 | Total |
|---|---|---|---|
| Financial Assets Carried at Fair Value: | | | |
| Cash equivalents (a): | | | |
| Commercial paper | $ — | $ 179.6 | $ 179.6 |
| Time deposits | 16.7 | 25.0 | 41.7 |
| Money market funds | 266.3 | — | 266.3 |
| Total cash equivalents | 283.0 | 204.6 | 487.6 |
| Available-for-sale investments (b): | | | |
| Corporate debt securities | — | 39.8 | 39.8 |
| U.S. government sponsored agencies | — | 54.7 | 54.7 |
| Foreign government obligations | — | 4.5 | 4.5 |
| Municipal obligations | — | 7.7 | 7.7 |
| Marketable equity securities | 102.2 | — | 102.2 |
| Asset-backed securities: | | | |
| Collateralized mortgage obligations | — | 0.1 | 0.1 |
| Other mortgage-backed securities | — | 2.5 | 2.5 |
| Other | — | 0.3 | 0.3 |
| Total available-for-sale investments | 102.2 | 109.6 | 211.8 |
| Forward foreign exchange contracts (c) | — | 0.5 | 0.5 |
| Total financial assets carried at fair value | $ 385.2 | $ 314.7 | $ 699.9 |
| | | | |
| Financial Liabilities Carried at Fair Value: | | | |
| Forward foreign exchange contracts (d) | $ — | $ 3.3 | $ 3.3 |

(a) Cash equivalents are included in Cash and cash equivalents in the Consolidated Balance Sheets.

(b) Available-for-sale investments are included in the following accounts in the Consolidated Balance Sheets (in millions):

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Short-term investments | $ 238.8 | $ 118.6 |
| Other assets | 127.2 | 93.2 |
| Total | $ 366.0 | $ 211.8 |

(c) Forward foreign exchange contracts in an asset position are included in Prepaid expenses, taxes and other current assets in the Consolidated Balance Sheets.

(d) Forward foreign exchange contracts in a liability position are included in Other current liabilities in the Consolidated Balance Sheets.

(e) Contingent consideration liability is included in the following accounts in the Consolidated Balance Sheet (in millions):

| | December 31, 2011 |
|---|---|
| Other current liabilities | $ 8.5 |
| Other long-term liabilities | 15.6 |
| Total | $ 24.1 |

To estimate the fair value of Level 2 debt securities as of December 31, 2011, our primary pricing service relies on inputs from multiple industry-recognized pricing sources to determine the price for each investment. In addition, they performed reasonableness testing of their prices on a daily basis by comparing them to the prices reported by our custodians as well as prior day prices. If the price difference fell outside of tolerable levels, they investigated the cause and resolved the pricing issue. Based on a review of the results of this analysis, we utilized our primary pricing service for all Level 2 debt securities as none of these securities tested outside of the tolerable levels.

To estimate the fair value of Level 2 debt securities as of December 31, 2010, excluding commercial paper and U.S. Treasury bills and notes, we examined quarterly the pricing provided by two pricing services and we obtained indicative market prices when there was insufficient correlation between the pricing services. To estimate the fair value of Level 2 commercial paper and U.S. Treasury bills and notes we examined quarterly the pricing from our primary pricing service to ensure consistency with other similar securities. As a result of our analysis as of December 31, 2010, we utilized our primary pricing service for all Level 2 debt securities for consistency since the results did not require the use of alternative pricing.

As of December 31, 2011, our primary pricing service inputs for Level 2 cash equivalents (bonds), U.S. government sponsored agencies, municipal obligations, corporate debt securities (bonds) and asset-backed securities consisted of market prices from a variety of industry standard data providers, security master files from large financial institutions and other third-party sources. These multiple market prices were used by our primary pricing service as inputs into a distribution–curve based algorithm to determine the daily market value.

As of December 31, 2011, our primary pricing service inputs for Level 2 cash equivalents (commercial paper), corporate debt securities (commercial paper), foreign government obligations (commercial paper) and time deposits consisted of dynamic and static security characteristics information obtained from several independent security characteristic sources. The dynamic inputs such as credit rating, factor and variable-rate, were updated daily. The static characteristics included inputs such as day count and first coupon upon initial security creation. These securities were typically priced via mathematical calculations reliant on these observable inputs. Other available-for-sale foreign government obligations were based on indicative bids from market participants.

As of December 31, 2010, the inputs used by our primary pricing service for Level 2 cash equivalents, corporate debt securities, foreign government obligations, U.S. government sponsored agencies and municipal obligations, varied depending on the type of security being valued, but generally included benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, corporate actions or Nationally Recognized Municipal Securities Information Repository (NRMSIR) material event notices, plus new issue money market rates.

As of December 31, 2010, the inputs used by our primary pricing service in estimating the fair value of Level 2 collateralized mortgage obligations and other mortgage-backed securities included many of the inputs mentioned above in addition to monthly payment information. These issues were priced by our primary pricing service against issues with similar vintage and credit quality with adjustments for tranche, average life and extension risk.

***Forward foreign exchange contracts***: As part of distributing our products, we regularly enter into intercompany transactions. We enter into forward foreign currency exchange contracts to manage foreign exchange risk of future movements in foreign exchange rates that affect foreign currency denominated intercompany receivables and payables. We do not use derivative financial instruments for speculative or trading purposes. We do not seek hedge accounting treatment for these contracts. As a result, these contracts, generally with maturity dates of 90 days or less and related primarily to currencies of industrial countries, are recorded at their fair value at each balance sheet date. The fair value of these contracts was derived using the spot rates published in the Wall Street Journal on the last business day of the quarter and the points provided by counterparties. The resulting gains or losses offset exchange gains or losses on the related receivables and payables, both of which are recorded as Foreign exchange losses (gains), net in the Consolidated Statements of Income. The cash flows related to these contracts are classified as Cash flows from investing activities in the Consolidated Statements of Cash Flows.

The following is a summary of our forward foreign currency exchange contracts (in millions):

| | December 31, 2011 |
|---|---|
| Contracts maturing in January through March 2012 to sell foreign currency: | |
| Notional value | $ 41.0 |
| Unrealized loss | $ 0.2 |
| Contracts maturing in January through March 2012 to purchase foreign currency: | |
| Notional value | $ 323.0 |
| Unrealized loss | $ 0.3 |

Available-for-sale investments consist of the following (in millions):

| | December 31, 2011 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Short-term investments: | | | | |
| Corporate debt securities | $ 170.9 | $ 0.1 | $ (0.4) | $ 170.6 |
| Brokered certificates of deposit | 1.8 | — | — | 1.8 |
| Municipal obligations | 5.0 | — | — | 5.0 |
| Asset-backed securities | 10.8 | — | — | 10.8 |
| U.S. government sponsored agencies | 36.8 | 0.1 | — | 36.9 |
| Foreign government obligations | 5.4 | — | — | 5.4 |
| Marketable equity securities | 7.7 | 0.6 | — | 8.3 |
| | 238.4 | 0.8 | (0.4) | 238.8 |
| Long-term investments: | | | | |
| Marketable equity securities | 57.2 | 70.0 | (0.7) | 126.5 |
| Asset-backed securities | 0.5 | — | (0.1) | 0.4 |
| Foreign government obligations | 0.3 | — | — | 0.3 |
| | 58.0 | 70.0 | (0.8) | 127.2 |
| Total | $ 296.4 | $ 70.8 | $ (1.2) | $ 366.0 |

| | December 31, 2010 | | | |
|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Estimated Fair Value |
| Short-term investments: | | | | |
| Corporate debt securities | $ 39.8 | $ — | $ — | $ 39.8 |
| Municipal obligations | 7.7 | — | — | 7.7 |
| Asset-backed securities | 1.9 | — | — | 1.9 |
| U.S. government sponsored agencies | 54.7 | — | — | 54.7 |
| Foreign government obligations | 4.5 | — | — | 4.5 |
| Marketable equity securities | 8.8 | 1.3 | (0.1) | 10.0 |
| | 117.4 | 1.3 | (0.1) | 118.6 |
| Long-term investments: | | | | |
| Marketable equity securities | 45.5 | 47.9 | (0.9) | 92.5 |
| Asset-backed securities | 0.7 | 0.1 | (0.1) | 0.7 |
| | 46.2 | 48.0 | (1.0) | 93.2 |
| Total | $ 163.6 | $ 49.3 | $ (1.1) | $ 211.8 |

The following is a summary of investments with gross unrealized losses and the associated fair value (in millions):

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| Fair value | $ 77.8 | $ 51.1 |
| Gross unrealized losses for investments in a loss position 12 months or more | $ 0.3 | $ 0.6 |
| Gross unrealized losses for investments in a loss position less than 12 months | $ 0.8 | $ 0.5 |

The unrealized losses on these securities are due to a number of factors, including changes in interest rates, changes in economic conditions and changes in market outlook for various industries, among others. Because Bio-Rad has the ability and intent to hold these investments with unrealized losses until a recovery of fair value, or for a reasonable period of time sufficient for a forecasted recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at December 31, 2011.

The following is a summary of the amortized cost and estimated fair value of our debt securities at December 31, 2011 by contractual maturity date (in millions):

| | Amortized Cost | Estimated Fair Value |
|---|---|---|
| Mature in less than one year | $ 152.1 | $ 152.1 |
| Mature in one to five years | 57.8 | 57.6 |
| Mature in more than five years | 21.6 | 21.5 |
| Total | $ 231.5 | $ 231.2 |

The estimated fair value of financial instruments in the table below has been determined using available market information or other appropriate valuation methodologies. Estimates are not necessarily indicative of the amounts that could be realized in a current market exchange as considerable judgment is required in interpreting market data

used to develop estimates of fair value. The use of different market assumptions or estimation techniques could have a material effect on the estimated fair value. Other assets include some financial instruments that have fair values based on market quotations. Long-term debt has an estimated fair value based on quoted market prices for the same or similar issues.

The estimated fair value of our financial instruments is as follows (in millions):

| | December 31, 2011 | | December 31, 2010 | |
|---|---|---|---|---|
| | Carrying Amount | Estimated Fair Value | Carrying Amount | Estimated Fair Value |
| Other assets | $ 186.6 | $ 252.4 | $ 145.6 | $ 205.6 |
| Current maturities of long-term debt, excluding leases | $ — | $ — | $ 225.0 | $ 228.1 |
| Total long-term debt, excluding leases and current maturities | $ 719.1 | $ 759.1 | $ 718.2 | $ 734.8 |

We own shares of ordinary voting stock of Sartorius AG (Sartorius), of Goettingen, Germany, a process technology supplier to the biotechnology, pharmaceutical, chemical and food and beverage industries. We own over 30% of the outstanding voting shares (excluding treasury shares) of Sartorius as of December 31, 2011. The Sartorius family trust and Sartorius family members hold a controlling interest of the outstanding voting shares. We do not have any representative or designee on Sartorius' board of directors, nor do we have the ability to exercise significant influence over the operating and financial policies of Sartorius. In addition, the ordinary voting stock of Sartorius is thinly traded. Therefore, we account for this investment using the cost method. The carrying value of this investment is included in Other assets in our Consolidated Balance Sheets.

## *4. GOODWILL AND OTHER PURCHASED INTANGIBLE ASSETS*

Changes to goodwill by segment were as follows (in millions):

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | Life Science | Clinical Diagnostics | Total | Life Science | Clinical Diagnostics | Total |
| Balances as of January 1: | | | | | | |
| Goodwill | $ 70.7 | $ 320.5 | $ 391.2 | $ 70.7 | $ 284.1 | $ 354.8 |
| Accumulated impairment losses | (27.2) | — | (27.2) | (27.2) | — | (27.2) |
| Goodwill, net | 43.5 | 320.5 | 364.0 | 43.5 | 284.1 | 327.6 |
| Acquisitions | 106.1 | — | 106.1 | — | 12.8 | 12.8 |
| Currency fluctuations | — | (1.2) | (1.2) | — | 23.6 | 23.6 |
| Balances as of December 31: | | | | | | |
| Goodwill | 176.8 | 319.3 | 496.1 | 70.7 | 320.5 | 391.2 |
| Accumulated impairment losses | (27.2) | — | (27.2) | (27.2) | — | (27.2) |
| Goodwill, net | $ 149.6 | $ 319.3 | $ 468.9 | $ 43.5 | $ 320.5 | $ 364.0 |

As part of the acquisition of QuantaLife in October 2011 (see Note 2), we recorded $106.1 million of goodwill and $94.7 million of definite-lived intangible assets considered know how. The determination of the fair value of net assets acquired of QuantaLife (see Note 2) was based upon valuation information, estimates and assumptions available at October 4, 2011. We are still finalizing our analysis of a limited number of acquired tax attributes which could affect the fair values of certain deferred tax assets and goodwill. As a result, as of December 31, 2011, our accounting for the acquisition was preliminary.

In conjunction with the acquisition of certain businesses of Biotest in January 2010 (see Note 2), we recorded $12.8 million of goodwill and $21.2 million of intangible assets: $7.5 million of customer relationships, $9.5 million of developed product technology and $4.2 million of tradenames.

Other than goodwill, we have no significant intangible assets with indefinite lives. Information regarding our identifiable purchased intangible assets with definite lives is as follows (in millions):

| | | December 31, 2011 | | |
|---|---|---|---|---|
| | Average Remaining Life (years) | Purchase Price | Accumulated Amortization | Net Carrying Amount |
| Customer relationships/lists | 1-12 | $ 98.7 | $ (30.9) | $ 67.8 |
| Know how | 1-14 | 187.0 | (45.7) | 141.3 |
| Developed product technology | 1-11 | 47.6 | (24.6) | 23.0 |
| Licenses | 1-9 | 35.6 | (15.7) | 19.9 |
| Tradenames | 1-10 | 29.5 | (22.1) | 7.4 |
| Covenants not to compete | 1-7 | 5.8 | (5.7) | 0.1 |
| Patents | — | 1.0 | (1.0) | — |
| Other | — | 0.1 | (0.1) | — |
| | | $ 405.3 | $ (145.8) | $ 259.5 |

| | | December 31, 2010 | | |
|---|---|---|---|---|
| | Average Remaining Life (years) | Purchase Price | Accumulated Amortization | Net Carrying Amount |
| Customer relationships/lists | 1-13 | $ 102.3 | $ (24.8) | $ 77.5 |
| Know how | 1-6 | 92.6 | (33.0) | 59.6 |
| Developed product technology | 1-11 | 47.9 | (19.2) | 28.7 |
| Licenses | 1-10 | 35.4 | (12.2) | 23.2 |
| Tradenames | 2-12 | 29.5 | (15.9) | 13.6 |
| Covenants not to compete | 1-8 | 5.9 | (4.6) | 1.3 |
| Patents | — | 1.0 | (1.0) | — |
| Other | 1 | 0.1 | (0.1) | — |
| | | $ 314.7 | $ (110.8) | $ 203.9 |

In 2009, a $3.8 million impairment loss related to intangible assets was recorded in the Life Science segment. The intangible asset impairment related to the developed technology intangible assets of certain product lines that were acquired in 2006. No material impairment losses related to intangible assets were recorded in 2011 or 2010.

Amortization expense related to purchased intangible assets for the years ended December 31, 2011, 2010 and 2009 was $39.1 million, $33.7 million and $31.7 million, respectively. Estimated future amortization expense (based on existing intangible assets) for the years ending December 31, 2012, 2013, 2014, 2015 and 2016 is $43.9 million, $39.2 million, $36.0 million, $33.0 million and $29.5 million, respectively.

## *5. NOTES PAYABLE AND LONG-TERM DEBT*

Notes payable includes amounts borrowed against credit lines maintained locally by our international subsidiaries, in which the borrowing capacity was approximately $21.9 million and $17.5 million was unused at December 31, 2011. At December 31, 2010, these lines aggregated approximately $51.2 million, of which $48.0 million was unused. The weighted average interest rate on these lines was 2.7% and 1.4% at December 31, 2011 and 2010, respectively. Bio-Rad guaranteed most of these credit lines.

The principal components of long-term debt are as follows (in millions):

| | December 31, 2011 | December 31, 2010 |
|---|---|---|
| 7.5% Senior Subordinated Notes due 2013 | $ — | $ 225.0 |
| 8.0% Senior Subordinated Notes due 2016 | 296.3 | 295.6 |
| 4.875% Senior Notes due 2020 | 422.8 | 422.6 |
| Capital leases and other debt | 13.2 | 21.0 |
| | 732.3 | 964.2 |
| Less current maturities | (0.6) | (233.1) |
| Long-term debt | $ 731.7 | $ 731.1 |

*Senior Subordinated Notes due 2013*

In August 2003, Bio-Rad sold $225.0 million principal amount of Senior Subordinated Notes due 2013 (7.5%. Notes). In January 2011, we redeemed all of the 7.5% Senior Subordinated Notes due 2013 for $234.6 million, including a call premium, which is included in Interest expense in our Consolidated Statements of Income.

*Senior Subordinated Notes due 2016*

In May 2009, Bio-Rad sold $300.0 million principal amount of Senior Subordinated Notes due 2016 (8.0% Notes). The sale yielded net cash proceeds of $294.8 million at an effective interest rate of 8.3%. The 8.0% Notes pay a fixed rate of interest of 8.0% per year. We have the option to redeem any or all of the 8.0% Notes at any time prior to September 15, 2013 at a redemption price of 100% of the principal amount thereof plus a specified make-whole premium (as defined in the indenture) governing the 8.0% Notes and accrued and unpaid interest thereon to the redemption date. We also have the option to redeem any or all of the 8.0% Notes at any time on or after September 15, 2013 at various declining redemption prices plus accrued and unpaid interest thereon to the redemption date. Our obligations under the 8.0% Notes are not secured, rank equal in right of payment with all of our existing and future senior subordinated indebtedness and rank junior in right of payment to all of our existing and future unsubordinated indebtedness, including any borrowings under the Credit Agreement and the 4.875% Notes.

*Senior Notes due 2020*

In December 2010, Bio-Rad sold $425.0 million principal amount of Senior Notes due 2020 (4.875% Notes). The sale yielded net cash proceeds of $422.6 million at an effective rate of 4.946%. The 4.875% Notes pay a fixed rate of interest of 4.875% per year. We have the option to redeem any or all of the 4.875% Notes at any time at a redemption price of 100% of the principal amount (plus a specified make-whole premium as defined in the indenture governing the 4.875% Notes) and accrued and unpaid interest thereon to the redemption date. Our obligations under the 4.875% Notes are not secured and rank equal in right of payment with all of our existing and future unsubordinated indebtedness. The net proceeds from the issuance of the 4.875% Notes were used, together with cash on hand, to redeem all $200.0 million of our 6.125% Notes (as defined below) in December 2010 and all $225.0 million of our 7.5% Notes (as defined above) in January 2011.

*Senior Subordinated Notes due 2014*

In December 2004, Bio-Rad sold $200.0 million principal amount of Senior Subordinated Notes due 2014 (6.125% Notes). In December 2010, we redeemed all of the 6.125% Notes for $204.3 million, including a call premium, which is included in Interest expense in our Consolidated Statements of Income.

*Amended and Restated Credit Agreement (Credit Agreement)*

In June 2010, Bio-Rad entered into a $200.0 million Credit Agreement. Borrowings under the Credit Agreement are on a revolving basis and can be used for acquisitions, for working capital and for other general corporate purposes. We had no outstanding borrowings under the Credit Agreement as of December 31, 2011. The Credit Agreement expires on June 21, 2014.

The Credit Agreement is secured by substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain of our foreign subsidiaries. It is guaranteed by all of our existing and future material domestic subsidiaries. The Credit Agreement and the 8.0% Notes require Bio-Rad to comply with certain financial ratios and covenants, among other things. These ratios and covenants include a leverage ratio test and an interest coverage test, as well as restrictions on our ability to declare or pay dividends, incur debt, guarantee debt, enter into transactions with affiliates, merge or consolidate, sell assets, make investments, create liens and prepay subordinated debt. We were in compliance with all of these ratios and covenants as of December 31, 2011.

Maturities of long-term debt at December 31, 2011 are as follows: 2012 - $0.6 million; 2013 - $0.2 million; 2014 - $0.2 million; 2015 - $0.2 million; 2016 - $296.5 million; thereafter - $434.7 million.

## *6. INCOME TAXES*

The U.S. and international components of income before taxes are as follows (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| U.S. | $ 110.6 | $ 79.5 | $ 87.2 |
| International | 125.2 | 140.8 | 98.6 |
| Income before taxes | $ 235.8 | $ 220.3 | $ 185.8 |

The provision for income taxes consists of the following (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Current tax expense (benefit): | | | |
| U.S. Federal | $ 28.6 | $ (5.1) | $ 24.9 |
| State | 3.4 | 3.9 | 4.4 |
| International | 35.8 | 35.2 | 17.3 |
| Current tax expense | 67.8 | 34.0 | 46.6 |
| Deferred tax expense (benefit): | | | |
| U.S. Federal | 6.7 | 5.9 | (2.5) |
| State | 0.4 | 0.2 | (0.3) |
| International | (9.1) | (10.2) | (8.9) |
| Deferred tax benefit | (2.0) | (4.1) | (11.7) |
| Non-current tax (benefit) expense | (8.1) | 3.4 | 1.8 |
| Provision for income taxes | $ 57.7 | $ 33.3 | $ 36.7 |

The reconciliation between our effective tax rate on income before taxes and the statutory tax rate is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| U. S. statutory tax rate | 35% | 35% | 35% |
| Impact of foreign operations | (4) | (6) | (7) |
| Research tax credits | (4) | (4) | (7) |
| Tax settlements and adjustments to unrecognized tax benefits | (3) | 2 | 1 |
| Repatriation of foreign earnings | — | (10) | — |
| Other | — | (2) | (2) |
| Provision for income taxes | 24% | 15% | 20% |

Deferred tax assets and liabilities reflect the tax effects of losses, credits, and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities are as follows (in millions):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Deferred tax assets: | | |
| Bad debt, inventory and warranty accruals | $ 24.7 | $ 25.5 |
| Other reserves | 16.6 | 16.7 |
| Tax credit and net operating loss carryforwards | 64.2 | 35.7 |
| Other | 17.2 | 13.3 |
| Valuation allowance | (48.9) | (37.0) |
| | 73.8 | 54.2 |
| Deferred tax liabilities: | | |
| Depreciation | 13.5 | 11.4 |
| Basis of capital assets and investments | 86.3 | 46.5 |
| | 99.8 | 57.9 |
| Net deferred taxes | $ (26.0) | $ (3.7) |

At December 31, 2011, Bio-Rad's international subsidiaries had combined net operating loss carryforwards of $81.4 million. Of these loss carryforwards, $80.6 million have no expiration date. We believe that it is more likely than not that the benefit from these net operating loss carryforwards will not be realized. We have provided a valuation allowance of $24.8 million relating to these net operating loss carryforwards.

At December 31, 2011, Bio-Rad had U.S. Federal net operating loss carryforwards of approximately $56 million as a result of acquisitions. These carryforwards are subject to limitation on their utilization and will expire between 2018 and 2032. At December 31, 2011, Bio-Rad had U.S. Federal research tax credit carryforwards of $1.1 million, which are subject to limitations on their utilization.

At December 31, 2011, Bio-Rad had approximately $55 million of California net operating loss carryforwards related to the acquisition of QuantaLife. We believe that it is more likely than not that the benefit from these net operating loss carryforwards will not be realized and have recorded a full valuation allowance against these losses. At December 31, 2011, Bio-Rad had a deferred tax asset of $13.7 million relating to California research tax credit carryforwards, including $1.1 million from the acquisition of QuantaLife, which may be carried forward indefinitely. Based on our judgment and consistent with prior years, we have recorded a full valuation allowance against the deferred tax asset.

We believe that it is more likely than not that certain of these deferred tax assets described above will not be realized in the foreseeable future. If or when recognized, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets at December 31, 2011, other than those related to QuantaLife within the measurement period, will be recognized as a reduction of income tax expense.

The following table summarizes at December 31, 2011 the tax years that are either currently under audit or remain open and subject to examination by tax authorities in the major jurisdictions that Bio-Rad operates:

| | |
|---|---|
| U.S. | 2008-2011 |
| Canada | 2006-2011 |
| France | 2009-2011 |
| Germany | 2008-2011 |
| Italy | 2007-2011 |
| Japan | 2009-2011 |
| Switzerland | 2010-2011 |

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits for the year (in millions):

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Unrecognized tax benefits – January 1 | $ 20.6 | $ 17.5 | $ 18.1 |
| Additions to tax positions related to prior years | 1.2 | 4.1 | 2.1 |
| Reductions to tax positions related to prior years | (0.4) | (0.1) | (4.3) |
| Additions to tax positions related to the current year | 2.1 | 3.3 | 3.3 |
| Settlements | (5.2) | (0.1) | — |
| Lapse of statute of limitations | (5.1) | (4.1) | (1.9) |
| Currency translation | (0.3) | — | 0.2 |
| Unrecognized tax benefits – December 31 | $ 12.9 | $ 20.6 | $ 17.5 |

Substantially all our unrecognized tax benefits at December 31, 2011, 2010 and 2009 would affect the effective tax rate if recognized.

Bio-Rad recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. Related to the unrecognized tax benefits noted above, Bio-Rad has accrued interest of $2.1 million and $2.8 million as of December 31, 2011 and 2010, respectively.

At December 31, 2011, we believe that it is reasonably possible that $2.8 million of our unrecognized tax benefits may be recognized by the end of 2012 as a result of statute lapses. These benefits are related to uncertainty regarding sustainability of certain deductions and credits for tax years that remain subject to examination by the relevant tax authorities.

In general, it is our practice and intention to reinvest the earnings of our non-U.S. subsidiaries in their operations. As of December 31, 2011, Bio-Rad had not made a provision for U.S. or additional foreign withholding taxes on approximately $433 million of the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration. Generally, such amounts become subject to U.S. taxation upon remittance of dividends and under certain other circumstances. If these earnings were repatriated to the U.S., the deferred tax liability associated with these temporary differences would be approximately $93 million.

## *7. STOCKHOLDERS' EQUITY*

Bio-Rad's issued and outstanding stock consists of Class A Common Stock (Class A) and Class B Common Stock (Class B). Each share of Class A and Class B participates equally in the earnings of Bio-Rad, and is identical in most respects except that Class A has limited voting rights. Each share of Class A is entitled to one tenth of a vote on most matters, and each share of Class B is entitled to one vote. Additionally, Class A stockholders are entitled to elect 25% of the Board of Directors and Class B stockholders are entitled to elect 75% of the directors. Cash dividends may be paid on Class A shares without paying a cash dividend on Class B shares but no cash dividend may be paid on Class B shares unless at least an equal cash dividend is paid on Class A shares. Class B shares are convertible at any time into Class A shares on a one-for-one basis at the option of the stockholder. The Schwartz family collectively holds a majority of Bio-Rad's voting stock. As a result, the Schwartz family is able to exercise significant influence over Bio-Rad.

## *8. SHARE-BASED COMPENSATION/STOCK OPTION AND PURCHASE PLANS*

### Description of Share-Based Compensation Plans

***Stock Option and Award Plans***

We have three stock option plans for officers and certain other employees: the 1994 Stock Option Plan (1994 Plan); the 2003 Stock Option Plan (2003 Plan); and the 2007 Incentive Award Plan (2007 Plan). The 1994 Plan and 2003 Plan authorized the grant of incentive stock options and non-qualified stock options to employees. The 2007 Plan authorizes the grant of stock options, restricted stock awards, stock appreciation rights and other types of equity awards to employees. We no longer grant stock option grants under the 1994 Plan or 2003 Plan. A total of 1,650,360 shares have been reserved for issuance of equity awards under the 2007 Plan and may be of either Class A or Class B common stock. At December 31, 2011, there were 816,322 shares available to be granted in the future.

Under these plans, Class A and Class B options are granted at prices not less than fair market value of the underlying common stock on the date of grant. Generally, options granted have a term of 10 years and vest in increments of 20% per year over a five-year period on the yearly anniversary date of the grant. Stock awards issued under the 2007 Plan generally vest in increments of 20% per year over a five-year period on the yearly anniversary date of the grant.

***Employee Stock Purchase Plans***

Our Amended and Restated 1988 Employee Stock Purchase Plan (1988 ESPP) provides that eligible employees may contribute up to 10% of their compensation up to $25,000 annually toward the quarterly purchase of our Class

A common stock. The employees' purchase price is 85% of the lesser of the fair market value of the stock on the first business day or the last business day of each calendar quarter. We have authorized the sale of 2,390,000 shares of common stock under the 1988 ESPP. After December 31, 2011, we do not intend to issue shares from this plan.

In April 2011, our shareholders approved the 2011 Employee Stock Purchase Plan (2011 ESPP) and has the same terms as the 1988 ESPP in regard to employee contributions and purchase price. The 2011 ESPP provides eligible employees the opportunity to purchase shares of Company Class A common stock. The 2011 ESPP includes two components: a Code Section 423 Component that we intend to qualify as an "employee stock purchase plan" under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and a Non-423 Component, which authorizes the grant of purchase rights that does not qualify as an "employee stock purchase plan" under Section 423 of the Code. Under the 2011 ESPP, 600,000 shares of Class A common stock are authorized for sale.

**Share-Based Compensation Expense**

Included in our share-based compensation expense is the cost related to stock option grants, ESPP stock purchases, restricted stock and restricted stock unit awards. Share-based compensation expense is allocated to Cost of goods sold, Research and development expense, and Selling, general and administrative expense in the Consolidated Statements of Income.

For 2011, 2010 and 2009, we recognized pre-tax share-based compensation expense of $10.7 million, $10.2 million and $9.1 million, respectively. We did not capitalize any share-based compensation expense.

For options and awards, we amortize the fair value on a straight-line basis. All stock compensation awards are amortized over the requisite service periods of the awards, which are generally the vesting periods.

***Stock Options***

The following table summarizes stock option activity.

| | Shares | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in millions) |
|---|---|---|---|---|
| Outstanding, January 1, 2009 | 1,254,127 | $ 48.84 | | |
| Granted | 58,500 | $ 75.07 | | |
| Exercised | (90,542) | $ 38.20 | | |
| Forfeited/expired | (15,711) | $ 59.15 | | |
| Outstanding, December 31, 2009 | 1,206,374 | $ 50.78 | | |
| Granted | 58,500 | $ 84.57 | | |
| Exercised | (200,125) | $ 26.81 | | |
| Forfeited/expired | (6,930) | $ 61.08 | | |
| Outstanding, December 31, 2010 | 1,057,819 | $ 57.12 | | |
| Granted | 58,500 | $ 99.49 | | |
| Exercised | (220,372) | $ 42.44 | | |
| Forfeited/expired | (7,197) | $ 62.98 | | |
| Outstanding, December 31, 2011 | 888,750 | $ 63.50 | 4.35 | $ 29.1 |
| Vested and expected to vest, December 31, 2011 | 872,130 | $ 62.99 | 4.27 | $ 29.0 |
| Exercisable, December 31, 2011 | 712,950 | $ 57.58 | 3.38 | $ 27.4 |

The following summarizes information about stock options outstanding at December 31, 2011:

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number Outstanding | Weighted-Average Remaining Contractual Term (in years) | Weighted - Average Exercise Price | Number Exercisable | Weighted - Average Exercise Price |
| $ 28.61 - $ 53.75 | 260,373 | 1.57 | $ 44.67 | 260,373 | $ 44.67 |
| $ 56.05 - $ 62.47 | 254,351 | 3.53 | $ 58.98 | 254,351 | $ 58.98 |
| $ 63.00 - $ 84.57 | 257,726 | 6.26 | $ 73.24 | 164,026 | $ 69.48 |
| $ 88.00 - $100.06 | 116,300 | 8.15 | $ 93.96 | 34,200 | $ 88.36 |
| Totals | 888,750 | | | 712,950 | |

Intrinsic value for stock options is defined as the difference between the current market value and the grant price. The total intrinsic value on the date of exercise of stock options exercised during 2011, 2010 and 2009 was approximately $14 million, $13 million and $4 million, respectively.

Cash received from stock options exercised during 2011, 2010 and 2009 was $9.4 million, $5.4 million and $3.5 million, respectively. The actual tax benefit realized for the tax deductions from stock options exercised totaled $6.0 million, $5.0 million and $2.0 million in 2011, 2010 and 2009, respectively.

As of December 31, 2011, there was $5.6 million of total unrecognized compensation cost from stock options. The cost is expected to be recognized in the future over a weighted-average period of approximately 3 years.

The weighted-average fair value of stock options granted was estimated using a Black-Scholes option-pricing model with the following weighted-average assumptions:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Expected volatility | 32% | 35% | 34% |
| Risk-free interest rate | 1.71% | 2.40% | 3.69% |
| Expected life (in years) | 8.6 | 8.7 | 8.4 |
| Expected dividend | — | — | — |
| Weighted-average fair value of options granted | $ 40.81 | $ 38.19 | $ 35.56 |

Volatility is based on the historical volatilities of our common stock for a period equal to the stock option's expected life. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life represents the number of years that we estimate, based primarily on historical experience, that the options will be outstanding prior to exercise. We do not anticipate paying any cash dividends in the future and therefore use an expected dividend yield of zero.

***Restricted Stock***

Under the 2007 Plan, restricted stock was last granted in 2008 and there will be no further grants. The fair value of each share of restricted stock is the market value as determined by the closing price of the stock on the day of grant.

The following table summarizes restricted stock activity:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2009 | |
| | Restricted Stock Shares | Weighted-Average Grant-Date Fair Value | Restricted Stock Shares | Weighted-Average Grant-Date Fair Value | Restricted Stock Shares | Weighted-Average Grant-Date Fair Value |
| Nonvested shares, at beginning of year | 68,893 | $ 83.21 | 101,247 | $ 82.86 | 135,914 | $ 82.64 |
| Granted | — | — | — | — | — | — |
| Vested | (26,179) | $ 81.98 | (28,518) | $ 81.94 | (29,572) | $ 81.94 |
| Cancelled/forfeited | (3,085) | $ 82.63 | (3,836) | $ 83.47 | (5,095) | $ 82.45 |
| Nonvested shares, at end of year | 39,629 | $ 84.07 | 68,893 | $ 83.21 | 101,247 | $ 82.86 |

As of December 31, 2011, there was approximately $2 million of total unrecognized compensation cost related to restricted stock granted under the 2007 Plan. The cost is expected to be recognized over a remaining weighted-average period of approximately 1 year.

***Restricted Stock Units***

Restricted stock units, which are rights to receive shares of company stock, were granted from 2007 through 2011 under the 2007 Plan. The fair value of each restricted stock unit is the market value as determined by the closing price of the stock on the day of grant.

The following table summarizes restricted stock unit activity:

| | Restricted Stock Units | Weighted-Average Grant-Date Fair Value | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value as of December 31, 2011 (in millions) |
|---|---|---|---|---|
| Outstanding, January 1, 2009 | 60,649 | $ 83.08 | | |
| Granted | 120,685 | $ 74.40 | | |
| Vested | (11,885) | $ 79.77 | | |
| Forfeited | (6,251) | $ 80.20 | | |
| Outstanding, December 31, 2009 | 163,198 | $ 77.01 | | |
| Granted | 126,330 | $ 84.57 | | |
| Vested | (33,825) | $ 78.41 | | |
| Forfeited | (13,481) | $ 79.71 | | |
| Outstanding, December 31, 2010 | 242,222 | $ 80.61 | | |
| Granted | 127,920 | $ 98.25 | | |
| Vested | (54,350) | $ 79.67 | | |
| Forfeited | (16,430) | $ 80.70 | | |
| Outstanding, December 31, 2011 | 299,362 | $ 88.31 | 2.24 | $ 28.8 |

As of December 31, 2011, there was approximately $20.5 million of total unrecognized compensation cost related to restricted stock units granted under the 2007 Plan. The cost is expected to be recognized over a remaining weighted-average period of approximately 4 years.

***Employee Stock Purchase Plans***

The fair value of the employees' purchase rights under the 1988 ESPP was estimated using a Black-Scholes model with the following weighted-average assumptions:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Expected volatility | 20% | 23% | 35% |
| Risk-free interest rate | 0.06% | 0.15% | 0.14% |
| Expected life (in years) | .25 | .25 | .25 |
| Expected dividend | — | — | — |
| Weighted-average fair value of purchase rights | $20.35 | $18.27 | $16.71 |

The major assumptions are primarily based on historical data. Volatility is based on the historical volatilities of our common stock for a period equal to the expected life of the purchase rights. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of the grant. We do not anticipate paying any cash dividends in the future and therefore use an expected dividend yield of zero.

We sold 96,362 shares for $8.1 million, 96,586 shares for $7.4 million and 109,025 shares for $6.8 million under the 1988 ESPP to employees in 2011, 2010 and 2009, respectively. At December 31, 2011, 35,656 shares remain authorized under the 1988 ESPP; however, we do not intend to issue shares from this plan after December 31, 2011. At December 31, 2011, 600,000 shares remain authorized under the 2011 ESPP.

We currently issue new shares to satisfy stock option exercises, restricted stock issuances and ESPP stock purchases.

## *9. OTHER INCOME AND EXPENSE, NET*

Other (income) expense, net includes the following components (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Interest and investment income | $ (8.2) | $ (5.2) | $ (5.7) |
| Net realized gains on investments | (0.7) | (0.6) | — |
| Other-than-temporary impairment losses on investments | 2.1 | 0.2 | 3.5 |
| Foreign non-income tax relief | — | — | (4.6) |
| Miscellaneous other items | (0.8) | 1.7 | (0.1) |
| Other (income) expense, net | $ (7.6) | $ (3.9) | $ (6.9) |

Other-than-temporary impairment losses on investments were recorded in 2011, 2010 and 2009 on certain of our available-for-sale investments in light of the continuing declines in their market prices at that time. We did not believe these particular investments would recover their carrying value.

## *10. SUPPLEMENTAL CASH FLOW INFORMATION*

The reconciliation of net income including noncontrolling interests to net cash provided by operating activities is as follows (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Net income including noncontrolling interests | $ 178.0 | $ 186.9 | $ 149.2 |
| Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities (net of effects of acquisitions): | | | |
| Depreciation and amortization | 121.0 | 108.9 | 101.7 |
| Share-based compensation | 10.7 | 10.2 | 9.1 |
| Foreign currency economic hedges, net | (2.9) | (3.2) | 2.5 |
| Losses (gains) on dispositions of securities | 1.5 | (0.5) | 3.5 |
| Excess tax benefits from share-based compensation | (3.2) | (2.9) | (0.7) |
| (Increase) decrease in accounts receivable, net | (20.1) | (37.0) | 4.3 |
| (Increase) decrease in inventories, net | (44.0) | (15.9) | 35.8 |
| Decrease (increase) in other current assets | 0.8 | (9.3) | 11.8 |
| (Decrease) increase in accounts payable and other current liabilities | (6.6) | 9.1 | 6.1 |
| Increase (decrease) in income taxes payable | 15.3 | (19.3) | 8.7 |
| Decrease in deferred income taxes | (1.6) | (6.5) | (11.6) |
| Purchased intangible asset impairment | — | — | 3.8 |
| Other | 10.9 | 5.4 | 0.9 |
| Net cash provided by operating activities | $ 259.8 | $ 225.9 | $ 325.1 |
| | | | |
| Non-cash investing activities: | | | |
| Purchased marketable securities and investments | $ 11.6 | $ — | $ — |

## *11. COMMITMENTS AND CONTINGENT LIABILITIES*

**Rents and Leases**

Net rental expense under operating leases was $42.4 million, $38.3 million and $37.0 million in 2011, 2010 and 2009, respectively. Leases are principally for facilities and automobiles.

Annual future minimum lease payments at December 31, 2011 under operating leases are as follows: 2012 - $34.9 million; 2013 - $27.2 million; 2014 - $21.4 million; 2015 - $14.5 million; and 2016 and beyond - $50.3 million.

**Deferred Profit Sharing Retirement Plan**

We have a profit sharing plan covering substantially all U.S. employees. Contributions are made at the discretion of the Board of Directors. Bio-Rad has no liability other than for the current year's contribution. Contribution expense was $12.1 million, $12.2 million and $11.5 million in 2011, 2010 and 2009, respectively.

**Other Post-Employment Benefits**

In several foreign locations we are statutorily required to provide a lump sum severance or termination indemnity to our employees. Under these plans, the vested benefit obligation at December 31, 2011 and 2010 was $27.1 million and $28.8 million, respectively, and has been included in Other current liabilities and Other long-term liabilities in the Consolidated Balance Sheets. These plans are not required to be funded, and as such, there is no trust or other device used to accumulate assets to settle these obligations.

**Purchase Obligations**

As of December 31, 2011, we had purchase obligations of $73.0 million, which include agreements to purchase goods or services that are enforceable and legally binding to Bio-Rad and that specify all significant terms and exclude agreements that are cancelable without penalty.

**Letters of Credit**

In the ordinary course of business, we are at times required to post letters of credit. The letters of credit are issued by our banks to guarantee our obligations to various parties including insurance companies. We were contingently liable for $12.6 million of standby letters of credit with banks as of December 31, 2011.

**Contingent Consideration**

In connection with our acquisition of QuantaLife in October 2011 (see Note 2), we recorded contingent consideration relating to amounts potentially payable to QuantaLife shareholders. The contingent consideration was recognized at its estimated fair value of $24.1 million, both on the date of the acquisition and as of December 31, 2011, and was determined based on a probability-weighted income approach. The contingent consideration could reach $48 million upon the achievement of certain sales and development milestones.

## *12. LEGAL PROCEEDINGS*

Based on an internal review, we have identified conduct in certain of our overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (FCPA) and is likely to have violated the FCPA's books and records and internal controls provisions and our own internal policies. In May 2010, we voluntarily disclosed these matters to the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC), each of which commenced an investigation. The Audit Committee of our Board of Directors (Audit Committee) has assumed direct responsibility for reviewing these matters and has hired experienced independent counsel to conduct an investigation and provide legal advice. We have provided, and intend to continue to provide, additional information to the DOJ and the SEC as the Audit Committee's investigation progresses.

The Audit Committee's investigation and the DOJ and SEC investigations are continuing and we are presently unable to predict the duration, scope or results of the Audit Committee's investigation, of the investigations by the DOJ or the SEC or whether either agency will commence any legal actions. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. We are unable to estimate the outcome of this matter. However, the imposition of any of these sanctions or remedial measures could have a material adverse effect on our business or financial condition. We have not to date determined whether any of the activities in question violated the laws of the foreign jurisdictions in which they took place.

On April 13, 2011, a shareholder derivative lawsuit was filed against each of our directors in the Superior Court for Contra Costa County, California. The case, which also names the Company as a nominal defendant, is captioned City of Riviera Beach General Employees' Retirement System v. David Schwartz, et al., Case No. MSC11-00854. In the complaint, the plaintiff alleges that our directors breached their fiduciary duties by failing to ensure that we had sufficient internal controls and systems for compliance with the FCPA. Purportedly seeking relief on our behalf, the plaintiff seeks an award of unspecified compensatory and punitive damages, costs and expenses (including attorneys' fees), and a declaration that our directors have breached their fiduciary duties. We and the individual defendants filed a demurrer requesting dismissal of the complaint in this case, as well as a motion to stay this matter pending resolution of the above-referenced investigations by the DOJ and SEC. Following a hearing on September 30, 2011, the court sustained our demurrer and dismissed the complaint, without prejudice, and granted the plaintiff until February 29, 2012 to file an amended complaint. (The parties subsequently agreed to extend that date to March 29, 2012, subject to court approval.) The court denied our motion to stay this matter because it dismissed the complaint.

In addition, we are party to various other claims, legal actions and complaints arising in the ordinary course of business. We do not believe, at this time, that any ultimate liability resulting from any of these other matters will have a material adverse effect on our results of operations, financial position or liquidity. However, we cannot give any assurance regarding the ultimate outcome of these other matters and their resolution could be material to our operating results for any particular period, depending on the level of income for the period.

## *13. SEGMENT INFORMATION*

Bio-Rad is a multinational manufacturer and worldwide distributor of its own life science research products and clinical diagnostics products. We have two reportable segments: Life Science and Clinical Diagnostics. These reportable segments are strategic business lines that offer different products and services and require different marketing strategies.

The Life Science segment develops, manufactures, sells and services reagents, apparatus and instruments used for biological research. These products are sold to university and medical school laboratories, pharmaceutical and biotechnology companies, food testing laboratories and government and industrial research facilities.

The Clinical Diagnostics segment develops, manufactures, sells and services automated test systems, informatics systems, test kits and specialized quality controls for the healthcare market. These products are sold to reference laboratories, hospital laboratories, state newborn screening facilities, physicians' office laboratories, transfusion laboratories and insurance and forensic testing laboratories.

Other Operations include the remainder of our former Analytical Instruments segment.

The accounting policies of the segments are the same as those described in Significant Accounting Policies (see Note 1). Segment profit or loss used for corporate management purposes includes an allocation of corporate expense based upon sales and an allocation of interest expense based upon accounts receivable and inventories. Segments are expected to manage only assets completely under their control. Accordingly, segment assets include primarily accounts receivable, inventories and gross machinery and equipment. Goodwill balances have been included in corporate for segment reporting purposes.

Information regarding industry segments at December 31, 2011, 2010, and 2009 and for the years then ended is as follows (in millions):

| | | Life Science | Clinical Diagnostics | Other Operations |
|---|---|---|---|---|
| Segment net sales | 2011 | $ 694.7 | $ 1,363.8 | $ 15.0 |
| | 2010 | 648.1 | 1,265.3 | 13.7 |
| | 2009 | 631.5 | 1,139.9 | 12.8 |
| Allocated interest expense | 2011 | $ 14.0 | $ 38.9 | $ 0.2 |
| | 2010 | 17.1 | 46.4 | 0.2 |
| | 2009 | 13.9 | 32.8 | 0.3 |
| Depreciation and amortization | 2011 | $ 17.3 | $ 93.2 | $ 0.2 |
| | 2010 | 15.0 | 84.9 | 0.2 |
| | 2009 | 16.5 | 78.2 | 0.3 |
| Segment profit | 2011 | $ 45.7 | $ 197.9 | $ 1.2 |
| | 2010 | 51.1 | 171.4 | 1.4 |
| | 2009 | 38.6 (1) | 145.7 | 0.9 |
| Segment assets | 2011 | $ 357.4 | $ 854.8 | $ 5.7 |
| | 2010 | 332.0 | 807.0 | 6.1 |
| Capital expenditures | 2011 | $ 15.4 | $ 71.6 | $ — |
| | 2010 | 10.6 | 62.3 | 0.1 |

(1) The Life Science segment profit for 2009 included $3.8 million of intangibles impairment expense (see Note 4).

The difference between total segment allocated interest expense, depreciation and amortization, and capital expenditures and the corresponding consolidated amounts is attributable to our corporate headquarters. The following reconciles total segment profit to consolidated income before taxes (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Total segment profit | $ 244.8 | $ 223.9 | $ 185.2 |
| Foreign exchange losses | (13.8) | (3.9) | (5.0) |
| Net corporate operating, interest and other expense, net not allocated to segments | (2.8) | (3.6) | (1.3) |
| Other income (expense), net | 7.6 | 3.9 | 6.9 |
| Consolidated income before taxes | $ 235.8 | $ 220.3 | $ 185.8 |

The following reconciles total segment assets to consolidated total assets (in millions):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Total segment assets | $ 1,217.9 | $ 1,145.1 |
| Cash and other current assets | 968.2 | 1,197.2 |
| Property, plant and equipment, net, excluding segment specific gross machinery and equipment | (27.3) | (20.3) |
| Goodwill, net | 468.9 | 364.0 |
| Other long-term assets | 469.1 | 376.8 |
| Total assets | $ 3,096.8 | $ 3,062.8 |

The following presents net sales to external customers by geographic area based primarily on the location of the use of the product or service (in millions):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| Europe | $ 896.4 | $ 842.6 | $ 814.4 |
| Pacific Rim | 398.4 | 347.8 | 291.5 |
| United States | 631.0 | 600.5 | 565.8 |
| Other (primarily Canada and Latin America) | 147.7 | 136.2 | 112.5 |
| Total net sales | $ 2,073.5 | $ 1,927.1 | $ 1,784.2 |

The following presents Other assets and Property, plant and equipment, net by geographic area based upon the location of the asset (in millions):

| | December 31, | |
|---|---|---|
| | 2011 | 2010 |
| Europe | $ 180.9 | $ 181.8 |
| Pacific Rim | 26.0 | 23.1 |
| United States | 338.7 | 287.8 |
| Other (primarily Canada and Latin America) | 13.4 | 13.9 |
| Total Other assets and Property, plant and equipment, net | $ 559.0 | $ 506.6 |

### *14. QUARTERLY FINANCIAL DATA (UNAUDITED)*

Summarized quarterly financial data for 2011 and 2010 are as follows (in millions, except per share data):

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|---|---|---|---|
| 2011 | | | | |
| Net sales | $ 485.1 | $ 521.7 | $ 516.5 | $ 550.2 |
| Gross profit | 277.6 | 293.1 | 296.2 | 311.0 |
| Net income attributable to Bio-Rad | 33.0 | 40.0 | 45.9 | 59.2 |
| Basic earnings per share | $ 1.18 | $ 1.43 | $ 1.63 | $ 2.11 |
| Diluted earnings per share | $ 1.16 | $ 1.41 | $ 1.61 | $ 2.08 |
| | | | | |
| 2010 | | | | |
| Net sales | $ 454.2 | $ 467.7 | $ 471.5 | $ 533.7 |
| Gross profit | 257.1 | 268.3 | 266.3 | 299.7 |
| Net income attributable to Bio-Rad | 34.9 | 38.0 | 44.8 | 67.9 |
| Basic earnings per share | $ 1.27 | $ 1.37 | $ 1.62 | $ 2.44 |
| Diluted earnings per share | $ 1.24 | $ 1.35 | $ 1.59 | $ 2.41 |

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

## ITEM 9A. CONTROLS AND PROCEDURES

(a)

***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that material information relating to Bio-Rad is made known to management, including the Chief Executive Officer and Chief Financial Officer.

We have determined that the material weakness in our internal control over financial reporting that was previously disclosed as of December 31, 2010 was remediated as of December 31, 2011. As stated in "Item 9A. Controls and Procedures" contained in our Annual Report on Form 10-K for the year ended December 31, 2010 and "Item 4. Controls and Procedures" contained in our quarterly reports on Form 10-Q during 2011, management had identified three significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting as of those dates. These three significant deficiencies were the result of: (i) a number of entity-level control deficiencies, including our lack of a comprehensive FCPA policy and training program; our lack of a formal, effective disclosure committee to facilitate our compliance with Section 302 of the Sarbanes-Oxley Act of 2002; inadequate policies regarding enterprise-wide risk assessment and management related to doing business in high-risk, emerging markets; our failure to perform background checks on certain parties prior to entering into material contracts with such parties; our lack of compliance with our existing Code of Business Ethics and Conduct in certain countries; and ineffective disclosure of significant exceptions to compliance with company policies through our quarterly management sub-certification process; (ii) a number of control deficiencies related to our expenditure processes at

certain of our international subsidiaries and (iii) a number of control deficiencies related to our revenue and accounts receivable processes at certain of our international subsidiaries.

In response to, and following identification of, the material weakness, management has enhanced the operation of a number of existing controls related to Bio-Rad's internal control over financial reporting, including our previously existing controls and processes for FCPA compliance, and implemented additional controls. We have determined that these enhancements have remediated the significant deficiencies that, when taken and considered together, constituted the material weakness described above to the extent that a material weakness no longer exists as of December 31, 2011. The enhancements we have implemented include:

- Company-wide, comprehensive training of our personnel in the requirements of the FCPA, including training with respect to those areas of our operations that are most likely to raise FCPA compliance concerns;

- With the assistance of special counsel to the Audit Committee, who have extensive experience in the area of FCPA compliance, our adoption of a comprehensive FCPA compliance policy which we have determined is appropriate for us in light of our worldwide operations, particularly in geographical areas that present challenges to regulatory compliance because of less mature legal frameworks, and which specifically includes:

    - Specific Procedures for engaging third party distributors, agents and similar representatives; and
    - Pre-approval of certain customer-related expenditures;

- Formation and operation of a formal Disclosure Committee;

- Global reorganization of our finance department in which finance managers report directly to our Chief Financial Officer;

- Our hiring of a Corporate Compliance Officer, who reports directly to our Chief Executive Officer, to assist with anti-corruption and other compliance matters;

- Implementation of new expenditure approval processes in some countries;

- An increase in audit scope by our internal audit department to test for pre-approval of certain customer-related expenditures;

- An increase in the number of locations audited by our internal audit department;

- Imposition of personnel actions for non-compliance with our policies; and

- Our determination that, in the future, FCPA compliance will be a point of emphasis to be evaluated periodically by our internal legal and audit departments, and that a report on our FCPA compliance will be provided regularly to the Audit Committee.

Implementation of the actions described above and resulting improvements in controls have strengthened internal control over financial reporting and have, in particular, addressed the related material weakness that was identified as of December 31, 2010 and the end of subsequent fiscal quarters. As part of the 2011 assessment of internal control over financial reporting, management tested and evaluated these additional controls to assess whether they are operating effectively and as of December 31, 2011, we determined that such controls were successfully tested and the material weakness was remediated. However, we continue to have a significant deficiency related to our revenue process, and we have identified two additional significant deficiencies with respect to (i) reagent rental controls at certain of our international subsidiaries and (ii) multiple controls for various business processes at a more limited number of minor international subsidiaries. We are continuing the process of evaluating and

improving our processes and procedures for FCPA compliance.

***Changes to Internal Control Over Financial Reporting***

Other than the implementation and operation of controls implemented to address the material weakness described above, there were no other changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Management's Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended (Exchange Act). Our internal control system is designed to provide reasonable assurance regarding the preparation and fair presentation of our financial statements presented in accordance with generally accepted accounting principles. An internal control system over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management has used the criteria set forth in the report entitled “Internal Control - Integrated Framework” published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission to evaluate the effectiveness of Bio-Rad's internal control over financial reporting as of December 31, 2011.

Based on that evaluation and assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2011 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. Our management reviewed the results of its evaluation and assessment with our Audit Committee.

Ernst & Young LLP, an independent registered public accounting firm, has audited the consolidated financial statements of Bio-Rad Laboratories, Inc. for the years ended December 31, 2011, 2010 and 2009 and has issued an attestation report on the effectiveness of Bio-Rad's internal control over financial reporting as of December 31, 2011, as stated in their report.

(b)

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Bio-Rad Laboratories, Inc.

We have audited Bio-Rad Laboratories, Inc.’s internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Bio-Rad Laboratories, Inc.’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Bio-Rad Laboratories, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bio-Rad Laboratories, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of income, cash flows, and changes in stockholders' equity and comprehensive income, for each of the three years in the period ended December 31, 2011 and our report dated February 29, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California
February 29, 2012

**ITEM 9B. OTHER INFORMATION**

None.

**PART III.**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Part of the information required to be furnished pursuant to this item is incorporated by reference from portions of Bio-Rad's definitive proxy statement to be mailed to stockholders in connection with our 2012 annual meeting of stockholders (the "2012 Proxy Statement") under "Election of Directors," "Committees of the Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

Bio-Rad's Board of Directors has determined that Mr. Louis Drapeau is an "audit committee financial expert," as defined in Item 407(d)(5) of Regulation S-K. Mr. Drapeau is also an "independent" director, as determined in accordance with the independence standards set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Section 303A.02 of the New York Stock Exchange (NYSE) Listed Company Manual.

We have adopted a code of business ethics and conduct that applies to our principal executive officer, principal financial officer, controller and all other employees and is available through our Corporate/Investor Relations website (www.bio-rad.com). We will also provide a copy of the code of ethics to any person, without charge, upon request, by writing to us at "Bio-Rad Laboratories, Inc., Investor Relations, 1000 Alfred Nobel Drive, Hercules, CA 94547."

## ITEM 11. EXECUTIVE COMPENSATION

The information required to be furnished pursuant to this item is incorporated by reference from portions of the 2012 Proxy Statement under "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan-Based Awards," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested Table," "Pension Benefits," "Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans," "Potential Payments on Termination or Change in Control," "Director Compensation" and "Compensation Committee Interlocks and Insider Participation." In addition, the information from a portion of the 2012 Proxy Statement under "Compensation Committee Report" is incorporated herein by reference and furnished on this Form 10-K and shall not be deemed "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Part of the information required to be furnished pursuant to this item is incorporated by reference from a portion of the 2012 Proxy Statement under "Principal and Management Stockholders."

**Equity Compensation Plan Information as of December 31, 2011**

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) | |
|---|---|---|---|---|
| | (a) | (b) | (c) | |
| Equity compensation plans approved by security holders (1) | 1,188,112 | $ 47.50 | 1,451,978 | (2) |
| Equity compensation plans not approved by security holders | — | — | — | |
| Total | 1,188,112 | $ 47.50 | 1,451,978 | |

(1) Consists of the Bio-Rad Laboratories, Inc. 1994 Stock Option Plan, the 2003 Stock Option Plan of Bio-Rad Laboratories, Inc., the Bio-Rad Laboratories, Inc. 2007 Incentive Award Plan, Bio-Rad Laboratories, Inc. Amended and Restated 1988 Employee Stock Purchase Plan and the Bio-Rad Laboratories, Inc. 2011 Employee Stock Purchase Plan.

(2) Consists of 816,322 shares available under the Bio-Rad Laboratories, Inc. 2007 Incentive Award Plan, 35,656 shares available for issuance under the Bio-Rad Laboratories, Inc. Amended and Restated 1988 Employee Stock Purchase Plan, and 600,000 shares available under the Bio-Rad Laboratories, Inc. 2011 Employee Stock Purchase Plan.

## ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required to be furnished pursuant to this item is incorporated by reference from portions of the 2012 Proxy Statement under "Transactions with Related Persons" and "Committees of the Board of Directors."

## ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required to be furnished by this item is incorporated by reference from a portion of the 2012 Proxy Statement under “Report of the Audit Committee of the Board of Directors.”

## PART IV.

## ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)1 Index to Financial Statements – See Item 8 “Financial Statements and Supplementary Data" on page 30 for a list of financial statements.

2 Schedule II Valuation and Qualifying Accounts

All other financial statement schedules are omitted because they are not required or the required information is included in the consolidated financial statements or the notes thereto.

3 Index to Exhibits

The exhibits listed in the accompanying Index to Exhibits on pages 73 through 76 of this report are filed or incorporated by reference as part of this report.

BIO-RAD LABORATORIES, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2011, 2010, and 2009
(in thousands)

Allowance for doubtful accounts receivable

| | Balance at Beginning of Year | Additions Charged to Costs and Expenses | Deductions | Balance at End of Year |
|---|---|---|---|---|
| 2011 | $ 25,052 | $ 15,112 | $ (6,905) | $ 33,259 |
| 2010 | $ 23,100 | $ 7,984 | $ (6,032) | $ 25,052 |
| 2009 | $ 19,567 | $ 7,783 | $ (4,250) | $ 23,100 |

Valuation allowance for current and long-term deferred tax assets

| | Balance at Beginning of Year | Additions Charged (Credited) to Income Tax Expense | Deductions | Other (A) | Balance at End of Year |
|---|---|---|---|---|---|
| 2011 | $ 37,015 | $ 6,356 | $ — | $ 5,555 | $ 48,926 |
| 2010 | $ 37,926 | $ (2,631) | $ — | $ 1,720 | $ 37,015 |
| 2009 | $ 40,663 | $ 6,602 | $ (9,339) | $ — | $ 37,926 |

(A) Due to acquisitions.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

BIO-RAD LABORATORIES, INC.

By: /s/ Sanford S. Wadler
Sanford S. Wadler
Secretary

Date: February 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|---|---|---|
| Principal Executive Officer: | | |
| /s/ Norman Schwartz<br>(Norman Schwartz) | President and Director | February 29, 2012 |
| Principal Financial Officer | | |
| /s/ Christine A. Tsingos<br>(Christine A. Tsingos) | Vice President,<br>Chief Financial Officer | February 29, 2012 |
| Principal Accounting Officer | | |
| /s/ James R. Stark<br>(James R. Stark) | Corporate Controller | February 29, 2012 |
| Other Directors: | | |
| /s/ Louis Drapeau<br>(Louis Drapeau) | Director | February 29, 2012 |
| /s/ Albert J. Hillman<br>(Albert J. Hillman) | Director | February 29, 2012 |
| /s/ Dr. Ted W. Love<br>(Dr. Ted. W. Love) | Director | February 29, 2012 |
| /s/ Deborah J. Neff<br>(Deborah J. Neff) | Director | February 29, 2012 |
| /s/ Alice N. Schwartz<br>(Alice N. Schwartz) | Director | February 29, 2012 |
| /s/ David Schwartz<br>(David Schwartz) | Director | February 29, 2012 |

BIO-RAD LABORATORIES, INC.
INDEX TO EXHIBITS ITEM 15(a)3

Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be "filed under the Securities Exchange Act of 1934."

| Exhibit No. | |
|---|---|
| 2.1 | Share Purchase Agreement as of May 14, 2007 by and among Bio-Rad Laboratories, Inc. and certain selling shareholders regarding the purchase of 77.6765% of the equity of DiaMed Holding AG. (1) |
| 3.1 | Restated Certificate of Incorporation of Bio-Rad Laboratories, Inc. (2) |
| 3.1.1 | Certificate of Amendment to Restated Certificate of Incorporation of Bio-Rad Laboratories, Inc. (2) |
| 3.2 | Bylaws of Bio-Rad Laboratories, Inc. (2) |
| 4.1 | Indenture dated as of August 11, 2003 for 7.50% Senior Subordinated Notes due 2013 among Bio-Rad Laboratories, Inc., as Issuer, and Wells Fargo Bank, N.A., as Trustee. (3) |
| 4.2 | Exchange and Registration Rights Agreement dated as of August 11, 2003 for 7.50% Senior Subordinated Notes due 2013. (3) |
| 4.3 | Indenture dated as of May 26, 2009 for 8.00% Senior Subordinated Notes due 2016 Among Bio-Rad Laboratories, Inc., as Issuer, and Wells Fargo Bank, N.A., as Trustee. (4) |
| 4.4 | Exchange and Registration Rights Agreement dated as of May 26, 2009 for 8.00% Senior Subordinated Notes due 2016. (4) |
| 4.5 | Indenture dated as of December 9, 2010 for 4.875% Senior Notes due 2020 among Bio-Rad Laboratories, Inc., as Issuer, and Wilmington Trust FSB, as Trustee. (5) |
| 10.1 | Second Amended and Restated Credit Agreement, dated as of June 21, 2010, by and among Bio-Rad Laboratories, Inc., the lenders referred to therein, JPMorgan Chase Bank, N.A. as administrative agent, Union Bank of California N.A., and Wells Fargo Bank, N.A., as co-syndication agents, and Bank of America, N.A. and HSBC Bank USA, National Association, as co-documentation agents. (6) |
| 10.2 | Second Amended and Restated Security Agreement, dated as of June 21, 2010, between Bio-Rad Laboratories, Inc. and JPMorgan Chase Bank, N.A., as administrative agent. (6) |
| 10.3 | Second Amended and Restated Pledge Agreement, dated as of June 21, 2010, between Bio-Rad Laboratories, Inc. and JPMorgan Chase Bank, N.A., as administrative agent. (6) |

| Exhibit No. | |
|---|---|
| 10.4 | 1994 Stock Option Plan. (7) |
| 10.4.1 | Amendment to the Bio-Rad Laboratories, Inc. 1994 Stock Option Plan dated April 28, 1998. (8) |
| 10.4.2 | Second Amendment to the Bio-Rad Laboratories, Inc. 1994 Stock Option Plan dated December 6, 1999. (8) |
| 10.4.3 | Third Amendment to the Bio-Rad Laboratories, Inc. 1994 Stock Option Plan dated September 19, 2000. (8) |
| 10.4.4 | Fourth Amendment to the Bio-Rad Laboratories, Inc. 1994 Stock Option Plan dated April 25, 2001. (8) |
| 10.4.5 | Amendment to the 1994 Stock Option Plan of Bio-Rad Laboratories, Inc., dated February 18, 2009. (9) |
| 10.4.6 | Amendment to the 1994 Stock Option Plan of Bio-Rad Laboratories, Inc., dated December 12, 2011. |
| 10.5 | Amended and Restated 1988 Employee Stock Purchase Plan. (10) |
| 10.5.1 | Amendment to the Amended 1988 Employee Stock Purchase Plan. (11) |
| 10.5.2 | Amendment to the Bio-Rad Laboratories, Inc. Amended and Restated 1988 Employee Stock Purchase Plan (12) |
| 10.6 | Bio-Rad Laboratories, Inc. 2011 Employee Stock Purchase Plan (13) |
| 10.7 | Employees' Deferred Profit Sharing Retirement Plan (Amended and Restated effective January 1, 1997). (14) |
| 10.8 | 2003 Stock Option Plan. (15) |
| 10.8.1 | Amendment to the 2003 Stock Option Plan of Bio-Rad Laboratories, Inc. (16) |
| 10.9 | 2007 Incentive Award Plan. (17) |
| 10.9.1 | Restricted Stock Unit Award Grant Notice and Restricted Stock Unit Award Agreement under the 2007 Incentive Award Plan. (18) |
| 10.10 | Form of Indemnification Agreement (19) |
| 21.1 | Listing of Subsidiaries. |
| 23.1 | Consent of Independent Registered Public Accounting Firm. |
| 31.1 | Certification of Chief Executive Officer Required by Rule 13a-14(a) (17CFR 240.13a-14(a)). |
| 31.2 | Certification of Chief Financial Officer Required by Rule 13a-14(a) (17CFR 240.13a-14(a)). |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

| Exhibit No. | |
|---|---|
| 101 | Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2011, is furnished in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Changes in Stockholders' Equity and Comprehensive Income, (v) Notes to Consolidated Financial Statements and (vi) Schedule II - Valuation and Qualifying Accounts. |

(1) Incorporated by reference to Exhibit 2.1 to Bio-Rad's June 30, 2007 Form 10-Q filing, dated August 8, 2007 (File No. 001-07928; Film No., 071035483).

(2) Incorporated by reference to the Exhibits to Bio-Rad's Form 10-K filing for the fiscal year ended December 31, 2010 (File No. 001-07928; Film No.11645568).

(3) Incorporated by reference to the Exhibits to Bio-Rad's Form S-4 filing, dated September 19, 2003 (File No. 333-108957; Film No. 03903026).

(4) Incorporated by reference to the Exhibits to Bio-Rad's Form 8-K filing, dated May 28, 2009 (File No. 001-07928; Film No. 09856654).

(5) Incorporated by reference to Exhibit 4.1 to Bio-Rad's Form 8-K filing, dated December 9, 2010 (File No. 001-07928; Film No. 101242545).

(6) Incorporated by reference to the Exhibits to Bio-Rad's 8-K filing, dated June 25, 2010 (File No. 001-07928; Film No. 10917383).

(7) Incorporated by reference to Exhibit 4.1 to Bio-Rad's Form S-8 filing, dated April 29, 1994 (File No. 033-53337; Film No. 94525059).

(8) Incorporated by reference to the Exhibits to Bio-Rad's Form 10-K filing for the fiscal year ended December 31, 2000, dated March 28, 2001 (File No. 001-7928; Film No. 1582270).

(9) Incorporated by reference to Exhibit 10.4.5 to Bio-Rad's June 30, 2009 Form 10-Q filing, dated August 5, 2009 (File No. 001-07928; Film No. 09988587).

(10) Incorporated by reference to Exhibit 10.5 to Bio-Rad's September 30, 1998 Form 10-Q filing, dated November 12, 1998 (File No. 001-7928; Film No. 98743709).

(11) Incorporated by reference to Exhibit 10.5.1 to Bio-Rad's Form 10-K filing for the fiscal year ended December 31, 2003, dated March 15, 2004 (File No. 001-7928; Film No. 04669434).

(12) Incorporated by reference to Exhibit 10.5.2 to Bio-Rad's Form 10-K filing for the fiscal year ended December 31, 2009, dated February 26, 2010 (File No. 001-07928; Film No. 10640714).

(13) Incorporated by reference to Exhibit 10.9 to Bio-Rad's June 30, 2011 Form 10-Q filing, dated August 4, 2011 (File No. 001-07928; Film No. 111008011).

(14) Incorporated by reference to Exhibit 10.6 to Bio-Rad's September 30, 1997 Form 10-Q filing, dated November 13, 1997 (File No. 001-7928; Film No. 9771652).

(15) Incorporated by reference to Exhibit 10.7 to Bio-Rad's March 31, 2003 Form 10-Q filing, dated May 13, 2003 (File No. 001-7928; Film No. 03696450).

(16) Incorporated by reference to Exhibit 10.7.1 to Bio-Rad's March 31, 2007 Form 10-Q filing, dated May 4, 2007 (File No. 001-7928; Film No. 07819469).

(17) Incorporated by reference to Exhibit 4.1 to Bio-Rad's Form S-8 filing, dated July 30, 2007 (File No. 333-144926; Film No. 071010234).

(18) Incorporated by reference to Exhibit to 10.8.1 Bio-Rad's September 30, 2009 Form 10-Q filing, dated November 4, 2009 (File No. 001-07928; File No. 091158805).

(19) Incorporated by reference to Exhibit 10.1 to Bio-Rad's Form 8-K filing, dated June 28, 2011 (File No. 001-07928; Film No. 11735120).

# BIO-RAD LABORATORIES CORPORATE INFORMATION

## DIRECTORS

**David Schwartz**
Chairman of the Board

**Louis Drapeau**
Director

**Albert J. Hillman**
Director

**Ted W. Love, M.D.**
Director

**Deborah J. Neff**
Director

**Alice N. Schwartz**
Director

**Norman Schwartz**
Director

## OFFICERS

**David Schwartz**
Chairman of the Board

**Norman Schwartz**
President and
Chief Executive Officer

**Brad Crutchfield**
Vice President and
Group Manager,
Life Science

**John Goetz**
Vice President and
Group Manager,
Clinical Diagnostics

**Giovanni Magni**
Vice President and
International Sales Manager

**Christine A. Tsingos**
Vice President and
Chief Financial Officer

**Sanford S. Wadler**
Vice President,
General Counsel
and Secretary

**Ronald W. Hutton**
Treasurer

**James R. Stark**
Corporate Controller

## OTHER EXECUTIVES

**Noel Alberola**
Manager, Europe Sales,
Life Science

**Steve Binder**
Director,
Technology Development,
Clinical Diagnostics

**Patrick Bugeon**
Group Operations Manager,
Europe Clinical Diagnostics

**John Bussell**
Manager,
Immunohematology,
Clinical Diagnostics

**Patrick Carroll**
Manager,
North America Sales,
Life Science

**Jean-Francois Chauvet**
Manager, Food Science,
Life Science

**Jean-Marc Chermette**
Regional Manager,
Emerging Markets

**Colleen Corey**
Director, Corporate
Human Resources

**Michael Crowley**
Manager, Europe Sales,
Clinical Diagnostics

**Diane Dahowski**
Group Operations Manager,
U.S. Clinical Diagnostics

**Patrice Deletoille**
Manager, Blood Virus,
Clinical Diagnostics

**H. Jeff Garner**
Manager,
Manufacturing Operations,
Life Science

**John Hertia**
Manager, Global ERP

**Michael Jackson**
Manager, Clinical Systems,
Clinical Diagnostics

**Shannon Hall**
Manager,
Laboratory Separations,
Life Science

**Chang Hong**
Regional Manager,
Asia Pacific

**Michael Barcellos**
Manager, BioPlex 2200,
Clinical Diagnostics

**Scott Jenest**
Group Operations Manager,
Life Science

**Leo Kaabi**
Manager, Quality Systems,
Clinical Diagnostics

**Ann Madden**
Manager,
Clinical Microbiology,
Clinical Diagnostics

**Daniel Merle**
Manager,
Business Development,
Clinical Diagnostics

**Dave Reilly**
Manager,
North America Sales,
Clinical Diagnostics

**Sadashi Suzuki**
Regional Manager, Japan

**Ted Tisch**
Manager, Protein Function,
Life Science

**Annette Tumolo**
Manager, Gene Expression,
Life Science

**Octavio Zendejas**
Regional Manager,
Latin America

## ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Tuesday, April 24, 2012 at 4 PM, Pacific Time, at the Corporate Offices of the Company in Hercules, California.

Bio-Rad will provide without charge to each stockholder, upon written request to the Secretary, a copy of its 2011 Annual Report filed with the Securities and Exchange Commission on Form 10-K.

## TRANSFER AGENT

**Computershare**
250 Royall Street
Canton, MA 02021
800-962-4284
www.computershare.com

## AUDITORS

**Ernst & Young LLP**
Redwood City, California

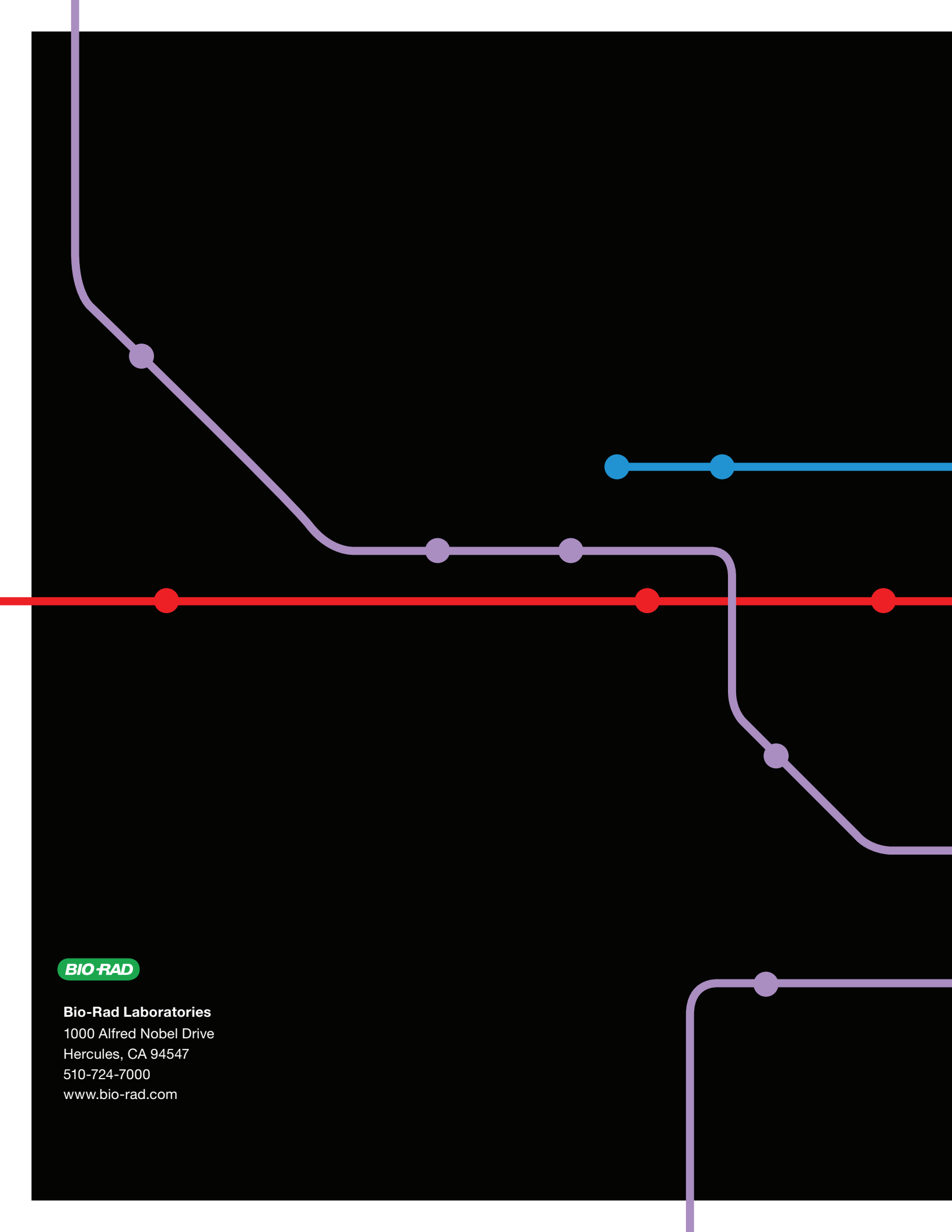
## COMMON STOCK

Traded on the New York Stock Exchange

Class A Common Stock
Symbol **BIO**

Class B Common Stock
Symbol **BIOb**

BIO
LISTED
NYSE



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