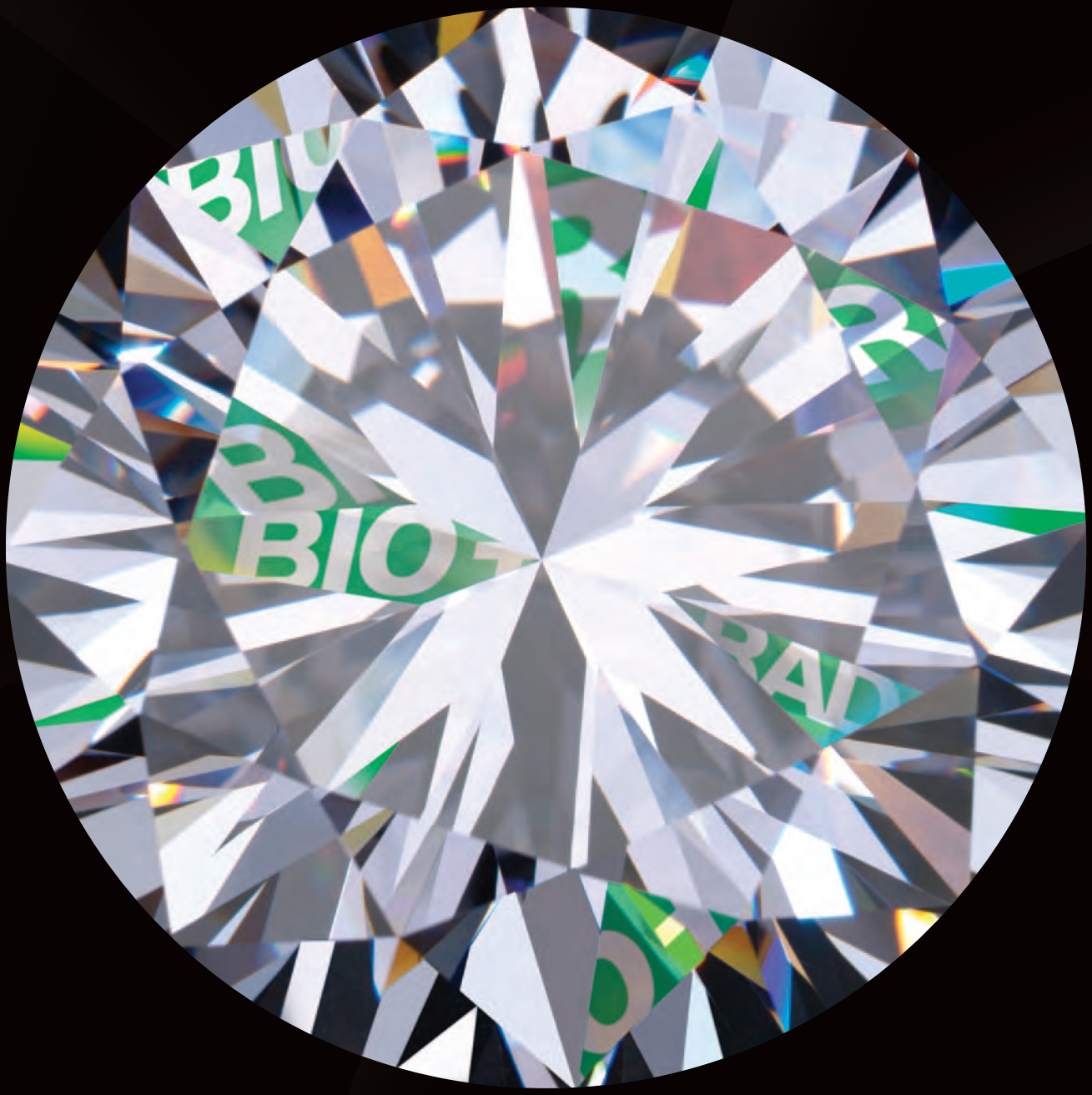
BIO-RAD

REFLECTIONS

BIO-RAD CELEBRATES ITS DIAMOND ANNIVERSARY



SHINING STAR

In a world replete with companies devoted to improving healthcare, Bio-Rad stands out as an example of strength and endurance.

From its humble beginnings in the middle of the last century to the modern, global enterprise it is today, many things have changed at Bio-Rad over the past six decades.

But one thing has not: Bio-Rad's focus on providing useful products that help scientists in life science research accelerate the discovery process and laboratorians in clinical diagnostics obtain faster and more accurate results.

This year, Bio-Rad celebrates its 60th year of operations by taking a look back at the many significant contributions it has made to these fields over the years, resulting in improved healthcare for all.

It is a mission that, thanks to the foresight of the company's late, beloved founder, David Schwartz, continues to shine brightly into the future.

LETTER TO OUR SHAREHOLDERS

2012 was another year of progress for Bio-Rad and in many respects it was a milestone for the company. We reached our 60th year of operation in 2012 and in the spring were honored to be named a 2011 Fortune 1000 company. While sales for the year approached $2.1 billion, some of the currencies in countries where we do business moved dramatically, with the consequence that reported sales were down slightly from 2011. Neutralizing for these currency changes, our underlying year-over-year growth was 3.6%.

Our progress came in the face of continuing economic challenges around the world. The economies of Europe provided the biggest challenge during the year as many countries continued to enact austerity measures and control expenditures to restore fiscal balance. Our expectation is that 2013 will be a similar picture for Europe. On the other hand, the U.S., which was first to experience an economic slowdown, appears to have stabilized and there are some encouraging signs of growth, at least at a modest level, for the year to come. Asia and many of the other emerging markets continue to grow for us at a steady pace as they invest in research and improved healthcare systems. Our global footprint and geographic balance is a strength for us as we navigate selectively choppy markets.

2012 was a year of investment for Bio-Rad in several ways. While markets and growth were slow, we had the opportunity to invest internally in our operations and do some muscle building. The most visible investment we made, and are continuing to make, is in our ERP or business systems, which will provide us with a backbone of information and operating standardization that we need to scale the business and reach our next near-term goal. Throughout the year we focused on the creation of a global design as well as readiness for the first implementation of the new system. In the process of designing a global system, we have taken the time to evaluate our processes and think about how to best organize certain parts of the business to operate more effectively as the company grows. As a result, a number of functions are transitioning to be more centrally managed in a shared services mode. We expect to go live with our first deployment of ERP in early 2013. We have taken a phased approach to this large project and expect it will continue to be an area of considerable investment as we transition our business systems to this new platform.

Although many of our investments were directed inward in 2012, our underlying focus in new products and technologies was not compromised in the process. We invested $214 million, or roughly 10% of every sales dollar, in new product development efforts. The resulting flow of new products and the ever increasing number of new patents being granted to us is a good indication of the return on this investment.

As we head into 2013, we have a number of new platforms being introduced. Key among them is a new laboratory chromatography system. This next generation instrument is poised to meet the ever advancing needs of this market segment. We are also launching a cell sorter, a major entry into the growing area of cell analysis. In addition to the systems announced to date, we enter the year with increased content, or reagents, to enhance our instrument offerings. One notable introduction is a test panel for celiac disease, an autoimmune disorder that is caused by a reaction to gluten in the diet.

This year was also one of external investments as we acquired or continued to invest in recently acquired operations. With the acquisition of QuantaLife and droplet digital technology for PCR late in 2011, we established the Digital Biology Center in order to better exploit this exciting technology across both of our life science research and diagnostics markets. During the year, we acquired flow cytometry technology that is the core of our expansion into the cell biology market. Early in 2013, we also completed the acquisition of AbD Serotec, bringing us a portfolio of antibodies that are complementary to a number of our key product areas.

We expect 2013 to be another year of progress as we benefit from our 2012 investments in R&D, acquired products or technologies, and global operations.

For many of you who are longer-term shareholders, you will also note that this is somewhat of a transition year with the passing of my father, one of the founders of Bio-Rad. He would have described his many years dedicated to building a successful and sustaining company with a passion for both our customers and our markets. He leaves us with a great legacy and a bright future.

Norman Schwartz
PRESIDENT

A DIAMOND IN THE ROUGH

The middle of the last century was a time of burgeoning scientific innovation. From James Watson's and Francis Crick's discovery of the structure of DNA in 1953 to Jonas Salk's invention of a polio vaccine in 1955, medical science was moving forward on many fronts around the world. America, in particular, was emerging as a leader in scientific and healthcare advancement.

It was during this period of scientific breakthroughs that David Schwartz and his wife Alice, both recent graduates of the University of California, Berkeley, made an unexpected discovery of their own. At the time, Alice was working at a lab studying the physical properties of tobacco mosaic virus, attempting to determine why the rod-like virus broke in certain places.

Before she could begin her research, however, she faced the laborious task of creating her research material, which involved growing plants, infecting them, and then harvesting the virus in which to study. It was during the course of Alice's time-consuming prep work that it occurred to Dave that perhaps she was not the only one struggling with this type of problem. What if they created the material, packaged it, and made it available to the research community?

Soon after, the two formed a company with the purpose of making life in the lab easier for researchers—one that would simplify processes and save time, improve research methods and materials, and ultimately, accelerate the discovery process.

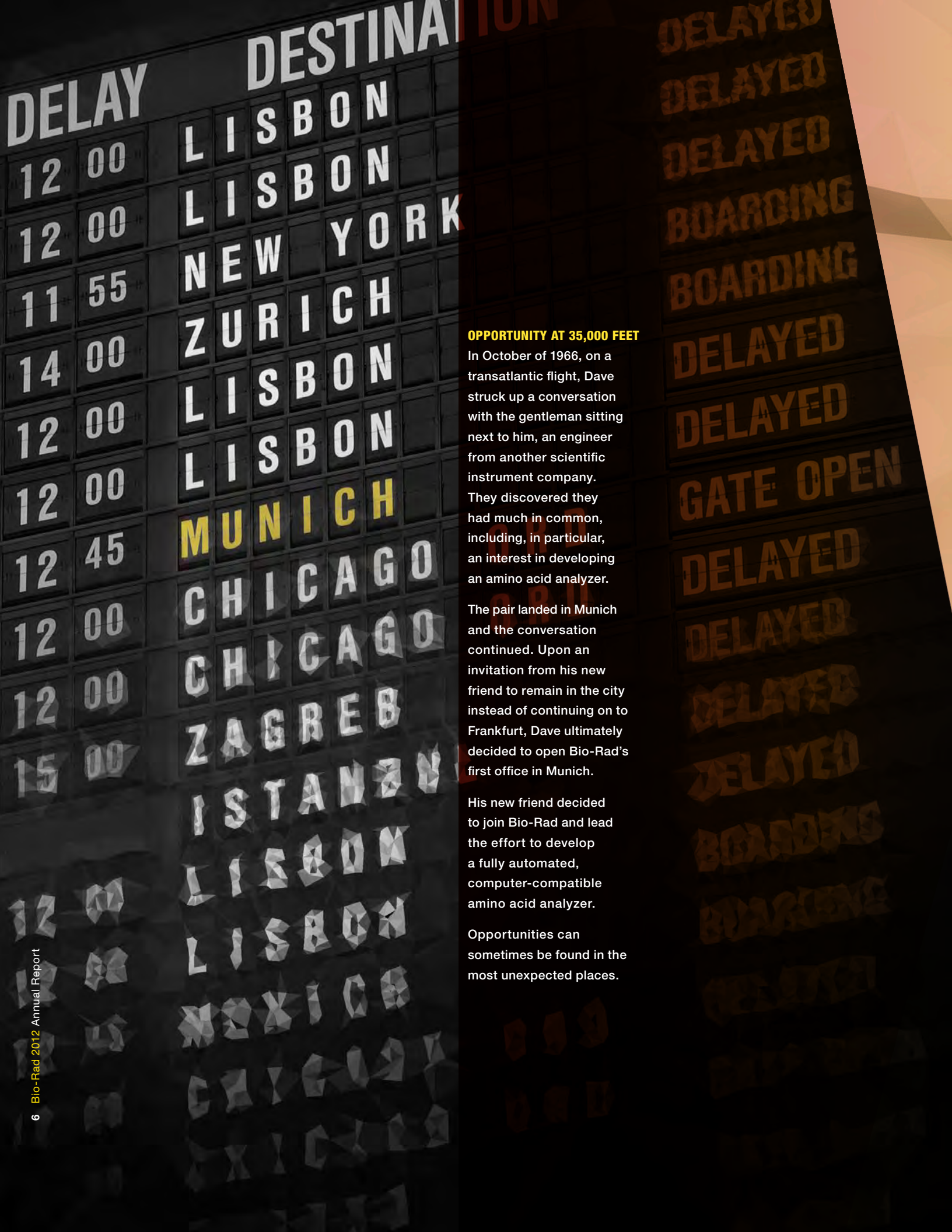
Although their first product was not the success the couple had envisioned, it turned out that the ultracentrifuge they used to isolate the virus, was. The high-speed instrument was used to separate particles from one another in order to determine the size and molecular weight of anything from polyethylene to the fat content in hamburger meat. Considered a sophisticated and expensive technology at the time, Dave and Alice realized there was a market for selling time on the device to local companies, a service that became one of Bio-Rad's earliest successes.

The separation of materials would soon lead the company in another direction. Ion exchange resins were being used as a method of purification. But before the resins could be used, the founders needed to first remove impurities in the material, thereby producing "analytical grade" ion exchange resins. Believing that the purified material would be useful in the lab setting for various applications, Dave and Alice added a new product line to Bio-Rad's service offerings, analytical grade ion exchange resins, which would eventually become one of the company's first successful enduring products.

The polishing of the diamond had begun.

WHAT'S IN A NAME?

The name "Bio-Rad" is based on the words biochemicals and radiochemicals, which described some of the company's first offerings. However, instead of calling the company Biochemical-Radiochemical Laboratories, the founders shortened it to simply Bio-Rad Laboratories.



OPPORTUNITY AT 35,000 FEET

In October of 1966, on a transatlantic flight, Dave struck up a conversation with the gentleman sitting next to him, an engineer from another scientific instrument company. They discovered they had much in common, including, in particular, an interest in developing an amino acid analyzer.

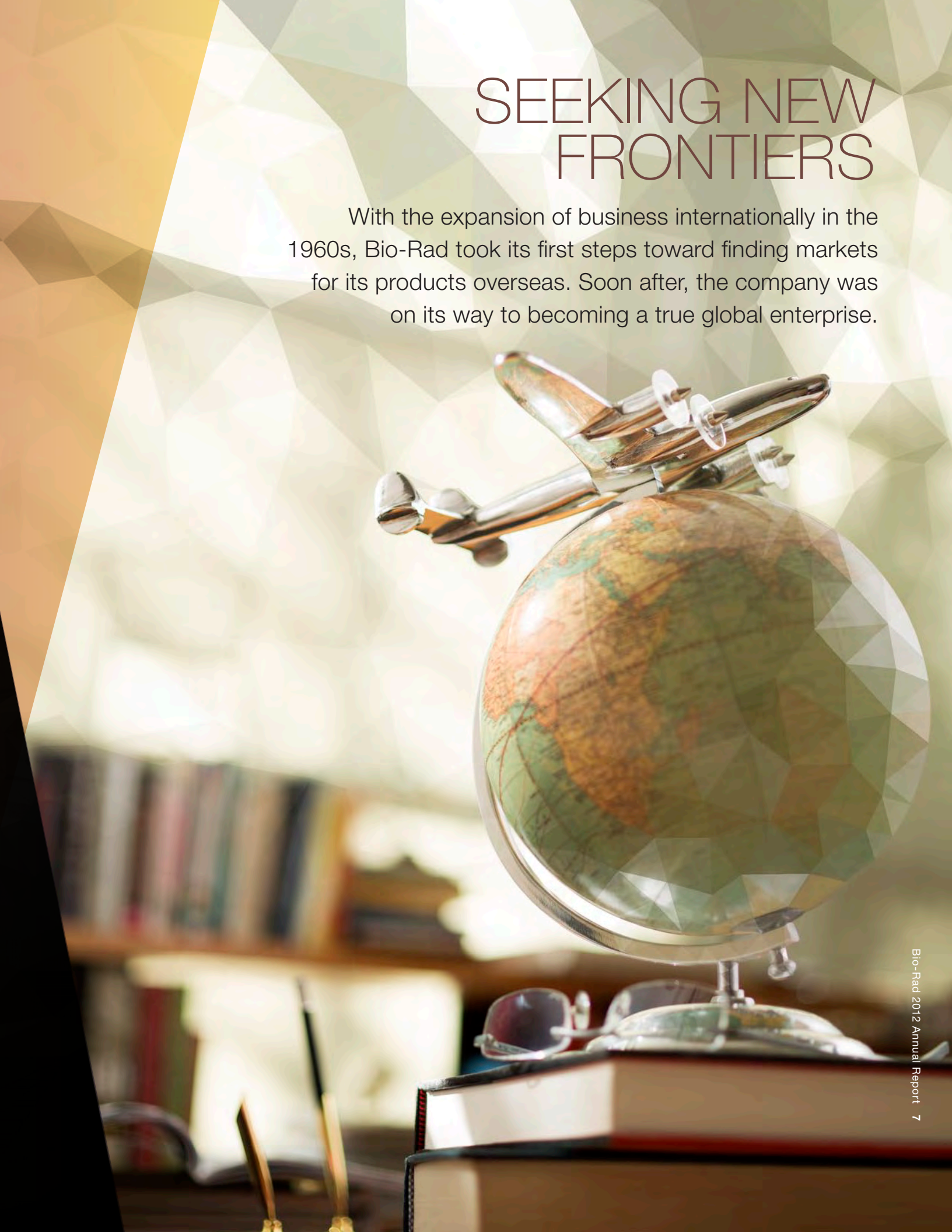
The pair landed in Munich and the conversation continued. Upon an invitation from his new friend to remain in the city instead of continuing on to Frankfurt, Dave ultimately decided to open Bio-Rad's first office in Munich.

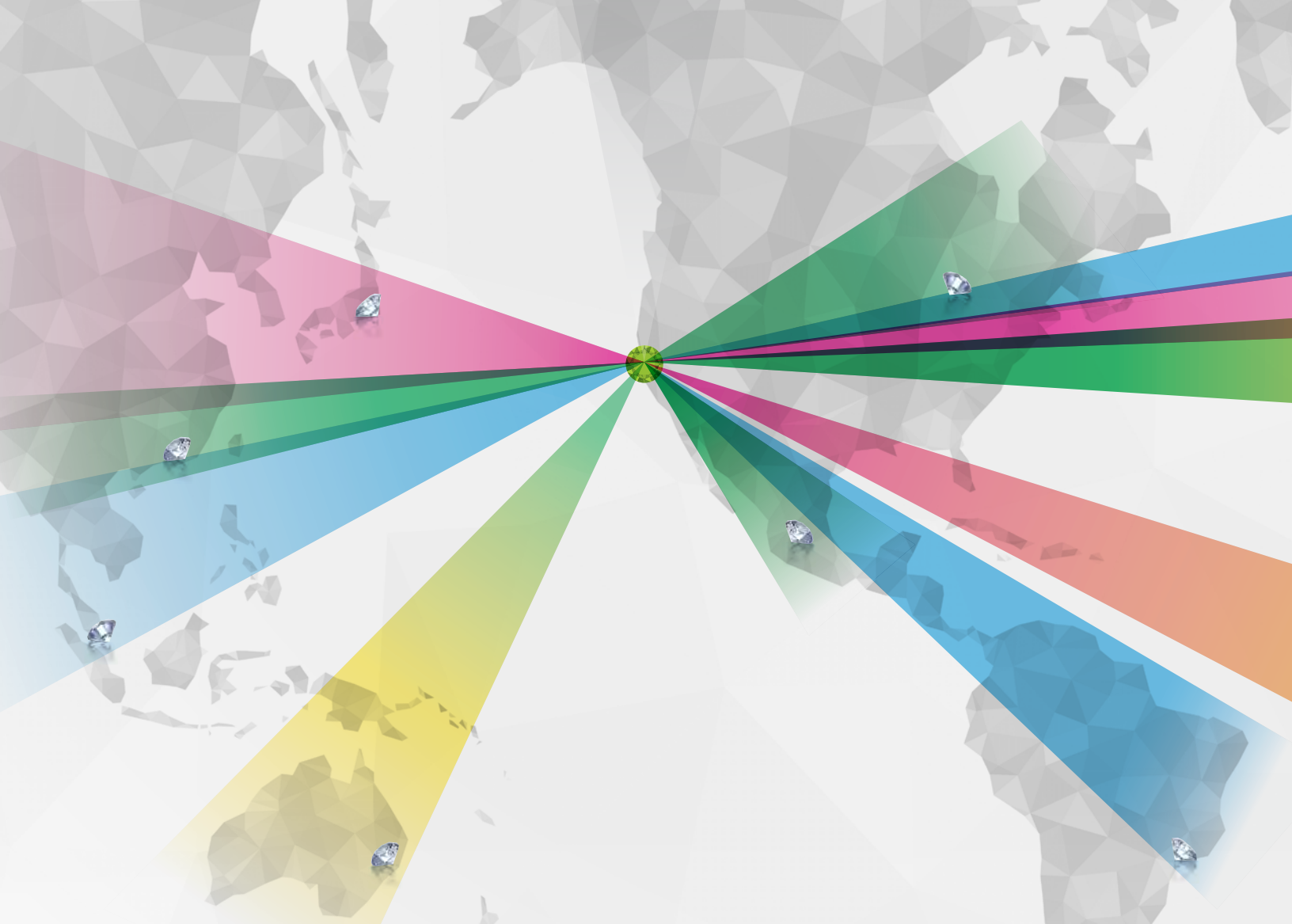
His new friend decided to join Bio-Rad and lead the effort to develop a fully automated, computer-compatible amino acid analyzer.

Opportunities can sometimes be found in the most unexpected places.

SEEKING NEW FRONTIERS

With the expansion of business internationally in the 1960s, Bio-Rad took its first steps toward finding markets for its products overseas. Soon after, the company was on its way to becoming a true global enterprise.

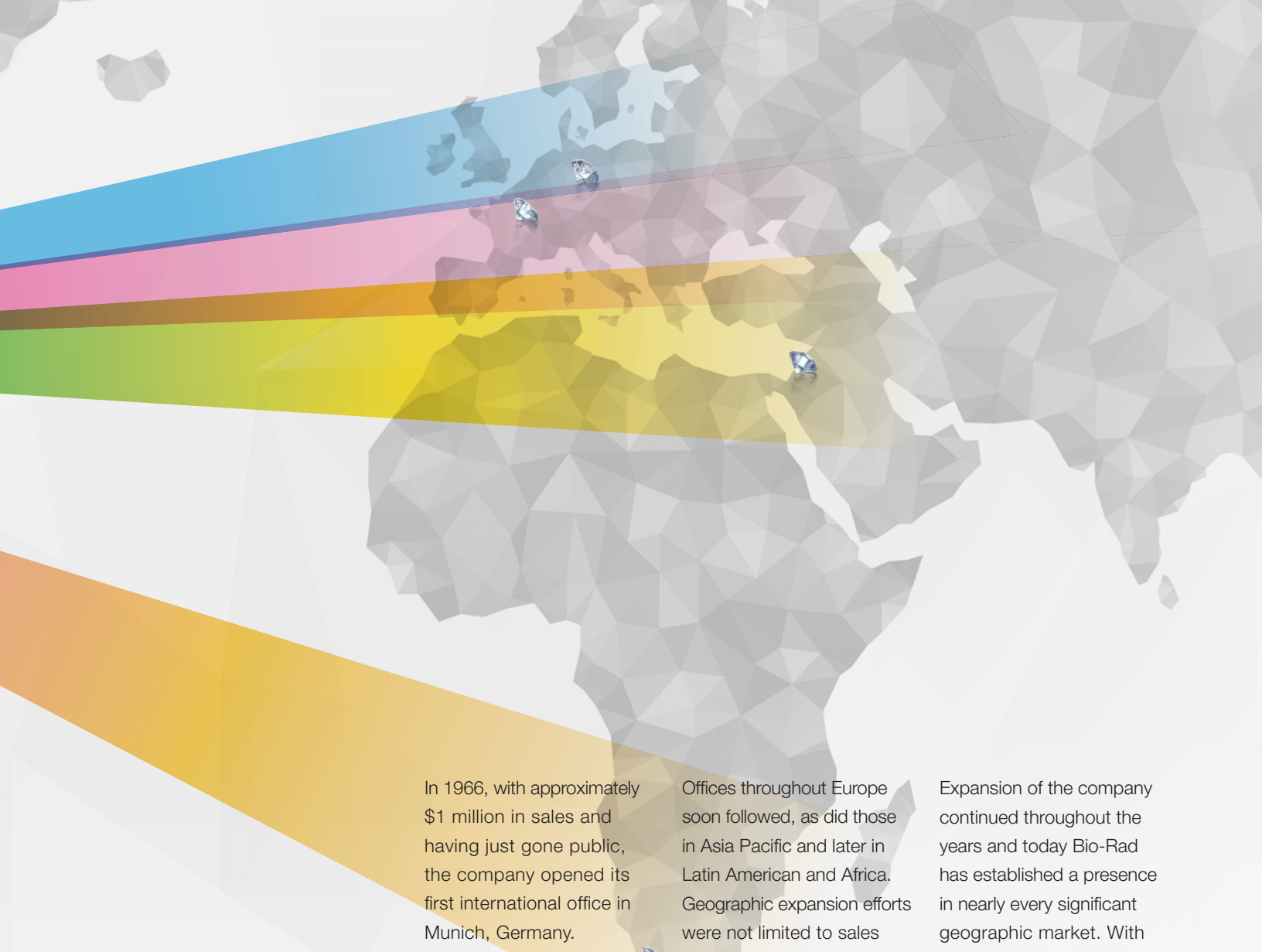




GOING WHERE OUR CUSTOMERS ARE

Worldwide interest in biological discovery and improved healthcare grew in the 1960s, and Bio-Rad saw tremendous growth opportunities. During the decade, living standards continued to improve worldwide, as the post-war years' focus on "basic capital goods" industries, such as steel and construction, shifted to a variety of high technology fields and healthcare.

With this fresh focus happening around them, Bio-Rad felt that the potential growth of biological research and advances in healthcare would continue. Greater emphasis was being placed on preventive screening and early detection of many health conditions, and there was an ever-increasing interest in getting to the root cause of disease. This focus was not just a U.S. phenomenon. Many countries around the world were taking up the challenge to eradicate disease and improve healthcare.



In 1966, with approximately $1 million in sales and having just gone public, the company opened its first international office in Munich, Germany.

The model for the German office centered on Bio-Rad's long-standing belief in being close to its customers and having an in-depth knowledge of the local market. This was especially true where matters of language and culture posed barriers. With local employees, the company would gain a greater understanding of its customers' needs and workflows and therefore was able to serve them better.

Offices throughout Europe soon followed, as did those in Asia Pacific and later in Latin American and Africa. Geographic expansion efforts were not limited to sales offices and distribution centers, however. The company continued to find opportunities to make acquisitions that provided Bio-Rad with new products, capabilities, and technologies.

Today, Bio-Rad's manufacturing and distribution centers offer its customers even more convenience, value, and support. Product training sites located around the globe are proving to be another valuable resource, offering post-sales technical support to ensure that customers are able to successfully use Bio-Rad products in their labs.

Expansion of the company continued throughout the years and today Bio-Rad has established a presence in nearly every significant geographic market. With more than 60% of sales coming from outside the U.S., Bio-Rad serves over 100,000 customers throughout the world. Supplementing this physical presence, Bio-Rad has continued to invest in its e-commerce channel to meet the evolving needs and desires of its customers so they are able to transact business electronically.

THE METABOLISM OF GROWTH

By the mid-1960s, Bio-Rad was a recognized leader in separations materials for research. The company was beginning to diversify and apply its technology to meet the demands for new applications.

Curiously, some of these demands were coming not from research chemists, but from the medical community.

In one notable case, diagnosticians were seeking a more reliable method for determining thyroid function, an important measure of human metabolism. The conventional test that was used at the time had severe limitations, often producing erroneous results. Intrigued by the challenge and potential, Bio-Rad scientists began collaboration on the development of a diagnostic test that could better determine thyroid function.

It was Alice Schwartz who led the charge. Building on earlier work she had done for the National Institutes of Health, she developed a methodology based on the adaptation of ion exchange techniques to the field of clinical chemistry. The clinical test developed, using a small disposable column, provided for straightforward T-4 (thyroxine) separations and, for the first time, offered physicians an accurate method for determining thyroid function. The test was so well received that Bio-Rad created a second arm of the company, focused on the growing area of diagnostics.

With its technical expertise in separations chemistry, Bio-Rad was now positioned to contribute to a developing clinical diagnostics market.

More products soon followed, to the point where today, the Clinical Diagnostics Group develops, manufactures, sells, and supports a large portfolio of products in a wide variety of testing areas. These products span a breadth of specialties including diabetes monitoring, blood virus testing, blood typing, HIV, autoimmune and genetic disorders testing, and quality control systems.

RESEARCH, MEET REALITY

With the T-4 test, Bio-Rad recognized that laboratory diagnostics was evolving into “applied biochemistry”, in which the knowledge and techniques of research are applied to medicine and diagnostics. It was a turning point for the industry—and the company.

SWEET SUCCESS

Maintaining control of blood glucose (blood sugar) is a challenge for those suffering from diabetes. Uncontrolled blood glucose levels cause complications that can affect nearly every system and organ in a diabetic's body. While glucose monitoring is one way diabetics who take insulin can monitor their blood sugar, it has its limitations. It measures only a moment in time: the point at which the sample is drawn.

Without the context of a broader time period, it is nearly impossible for a physician to know whether a patient is in compliance with his or her treatment—a combination of diet, exercise, and medication over time.

In the 1970s, it was discovered that "glycosylated" hemoglobin (GHb), which contained a protein called hemoglobin A1, showed elevated levels in diabetics. This measurement offered insight into average blood glucose levels in diabetics over a several-month period, providing a baseline for monitoring and controlling the disease.

Bio-Rad researchers began to explore methods for providing a more efficient separation that would be suitable for routine use in the lab. By 1978, the company developed the first commercial test for measuring hemoglobin A1 in diabetics using a small, disposable open chromatography column. However, a challenge remained: the separated hemoglobin A1 contained impurities that caused uncertainty about test results. By 1982, Bio-Rad had eliminated these interferences and became the first company to measure "A1C", a subset of hemoglobin A1 and a more precise indicator of average blood glucose levels over time.

With the A1C test pioneered by Bio-Rad, a physician had only one measurement to consider, representing the patient's compliance to his or her treatment over the prior two to three months.

As the new test became adopted as a standard of care, test volumes increased, prompting the need for improved test efficiencies. The company proceeded to add automation to the process, and has since introduced a variety of platforms to meet the varied needs of laboratories, both large and small.

By 1983, as use of Bio-Rad's A1C monitoring products continued to increase, a landmark, U.S. government-funded medical study called the Diabetes Control and Complications Trial was getting underway. The study would ultimately conclude that patients keeping blood glucose levels as close to normal as possible slowed the onset of complications caused by diabetes. An automated Bio-Rad high-performance liquid chromatography (HPLC) testing method was utilized in the trial, further establishing the usefulness of A1C testing.

The road leading to the company's market position of today's A1C monitoring products was marked by continuous improvement, and today Bio-Rad's A1C platforms and reagents are considered the industry's gold standard. From the D-10™ and VARIANT™ line of hemoglobin testing systems to the compact in2it™ analyzer point-of-care system, Bio-Rad offers products to fit the testing volume needs of labs around the world.

A GROWING CHALLENGE

As the number of people with diabetes increases, so does the disease's economic impact. In the U.S. alone, more than one in 10 healthcare dollars are being spent directly on diabetes and its complications, according to a recent study by the American Diabetes Association. Worldwide, an estimated 347 million people suffer from the disease. Type 2 diabetes (or adult onset) comprises approximately 90 percent of individuals with the disease worldwide.

A UNIQUE CHEMISTRY

At Bio-Rad, our work is held to extremely high standards—our own. This means incorporating the latest advances in the areas of life science research and laboratory diagnostics, as well as the highest level of quality in our products, our service, and our support.

These values, however, are surpassed by something else: the standards of our customers.

For over half a century, Bio-Rad's commitment to developing strong, long-lasting relationships with our customers has been one of our defining characteristics. This connection—a continual feedback loop of wants, needs, and product enhancements—reflects the integral role that the company's customers play in the development of Bio-Rad products.

With our customer immersion process, for example, marketing, engineering, and research scientists travel to customer sites to observe and talk with researchers, at their bench—where it matters the most. This level of observation and interaction gives the company a deeper understanding of the kinds of products our customers are using, how they're using them, and what obstacles they may be encountering in the course of their work.

These observations provide Bio-Rad insight in to how we can improve our products and methods, making the process of research more productive and successful for our customers. It is a level of detail that can only be achieved by working closely with our customers.

Incorporated into Bio-Rad's product development cycle, this activity invariably leads to instrument enhancements, new products and services, and the broadening of current product lines.

Bio-Rad's commitment to being directly connected to our customers is an example of the company's belief in the importance of building trust. Customers know that no matter what, their voice will be heard, their products will be delivered on time, and they will receive immediate and continuous service should it be required. Our recently introduced BRiCare software application gives us the ability to remotely diagnose and in some cases repair a customer's instrument, an extremely valuable resource when it is difficult for a Bio-Rad engineer to be at a customer site in a timely manner.

Providing this level of customer care throughout the sales cycle requires more of an investment on our part, but we believe it is worth it. Our efforts in this area continue to produce relationships that have, in some cases, spanned three decades or more … and counting.

It's what we—and our customers—expect.

FASTER, SMALLER, EASIER... REPEAT.

If you ask Bio-Rad customers what they want in a process or instrument, they will typically say they want fewer steps, a smaller footprint, greater ease of use, and faster time to result. The better they are able to do their jobs, the better the odds are of improved healthcare outcomes for people everywhere.

Therefore, it is our mission to provide life science researchers and diagnosticians the superior products they need, and then improve upon them—constantly.

At Bio-Rad, we manufacture over 8,000 products for our customers around the world, a vast portfolio of instruments, reagents, and software that covers a wide spectrum of research and diagnostic applications.

Improving these products is not just a goal, it is a process: an automatic, ongoing progression of enhancements that allow our customers to continually improve the work that they do.

Whether it is a researcher who is concerned about test quality and instrument uptime, a lab manager who needs high throughput and fast turnaround time, or a purchasing agent concerned with cost, Bio-Rad products are designed to satisfy the needs of our customers with state-of-the-art performance as well as value… until the next improvement.

ISOLATING INNOVATION

The human genome was sequenced in the 1990s using a process called electrophoresis, a common analytical technique in which the molecules, nucleic acids, for example, are separated and identified based on their migration through a gel under the influence of an electrical current. In 1969, Bio-Rad began to offer products for gel electrophoresis, introducing its first electrophoresis-grade chemicals for researchers who “hand-cast” their own gels.

Seeing opportunities for improvement, Bio-Rad continued to expand its line of products in this area and introduced “ready to run” precast gels. The new gels were not only reliable, fast, cost-efficient, and ready to use right out of the box, they also offered standardization, eliminating variability that could often result from the hand-casting of gels.

Further improvements were on the way. The introduction of the Experion™ electrophoresis system in 2004 automated the entire process, providing results quickly and more cost effectively.

Today, Bio-Rad is a worldwide market leader of electrophoresis products with a complement of instruments and reagents including gels that offer a multitude of innovations such as increased speed; gradients with even finer, more granular, results; and “stain-free” technology, which offers in-gel protein visualization.

V3 IN THE REAL WORLD

Cancer researchers often study cell signaling pathways to understand mechanisms of cancer proliferation. Western blotting is used to understand which signaling proteins are being expressed and in what quantities. The V3 Western Workflow™ allows researchers to perform these experiments more quickly, while providing higher confidence in the results.

THE COMPLETE PACKAGE

By offering a seamless connection between the instrument, the assay, and the reliable result, Bio-Rad's integrated platforms and solutions allow customers to focus on their work, and not on what it takes to get that work accomplished.

FOCUSING ON WHAT'S IMPORTANT

A misspelled word in a text is automatically corrected without the user having to do a thing. A dialed number, not written down, can be re-dialed at a touch. A picture can be snapped, uploaded, and printed, with just a few simple taps—all without the need for an instruction manual.

Each of these examples illustrates how technology can be designed to work behind the scenes, seamlessly providing conveniences and capabilities to users—before it may even occur to them to make the request.

This is exactly what Bio-Rad strives to provide its customers in the life science research and clinical diagnostic fields.

This integration can be seen in our V3 Western Workflow, a series of best-in-class products designed to streamline the process for running western blots, an analytical technique used to identify specific proteins and determine their weight in a given sample. The products work together, saving time and generating more reliable and robust data. Combining traditional blotting techniques with the latest advances in electrophoresis, imaging, and transfer, the workflow offers visual checkpoints throughout the process that allow scientists to actually see the results as the workflow progresses.

Cell counting and sorting are yet other examples of a Bio-Rad product area integration. The human body is made up of tens of thousands of different types of cells that serve a variety of functions. To help researchers understand the composition of cells in, for example, a cancerous tumor, the cells must be isolated first. This is where Bio-Rad S3™ cell sorter comes in.

The system is capable of identifying and isolating cell types of interest for further analysis. All of this at a rate of 30,000 cells every second.

The TC20™ automated cell counter is the perfect companion to the S3 cell sorter. It accurately counts both before and after sorting cells, in one simple step, which takes a mere 30 seconds.


PROCESS SEPARATIONS
FOOD SCIENCE
LIFE SCIENCE EDUCATION
IMAGING SYSTEMS & SOFTWARE
AMPLIFICATION/ PCR
FLOW CYTOMETRY
ELECTROPHORESIS & BLOTTING
BIO-PLEX® SUSPENSION ARRAY SYSTEM
SELDI TECHNOLOGY
CELL COUNTING
TRANSFECTION
SAMPLE QUANTITATION
MICROPLATE SYSTEMS
LIQUID HANDLING & PIPETTING
CHROMATOGRAPHY
PROTEIN INTERACTION ANALYSIS
NUCLEIC ACID SAMPLE PREPARATION & PURIFICATION
PROTEIN SAMPLE PREPARATION
LIFE SCIENCE RESEARCH
AUTOIMMUNE
BIOPLEX 2200 MULTIPLEX TESTING
BLOOD VIRUS
DIABETES TESTING
NEWBORN SCREENING
MICROBIOLOGY
IMMUNOHEMATOLOGY
CLINICAL DIAGNOSTICS
QUALITY CONTROL
HEMOGLOBINOPATHIES
SPECIAL CHEMISTRY
INFORMATICS
CRITICAL RAW MATERIALS
INSTRUMENTATION

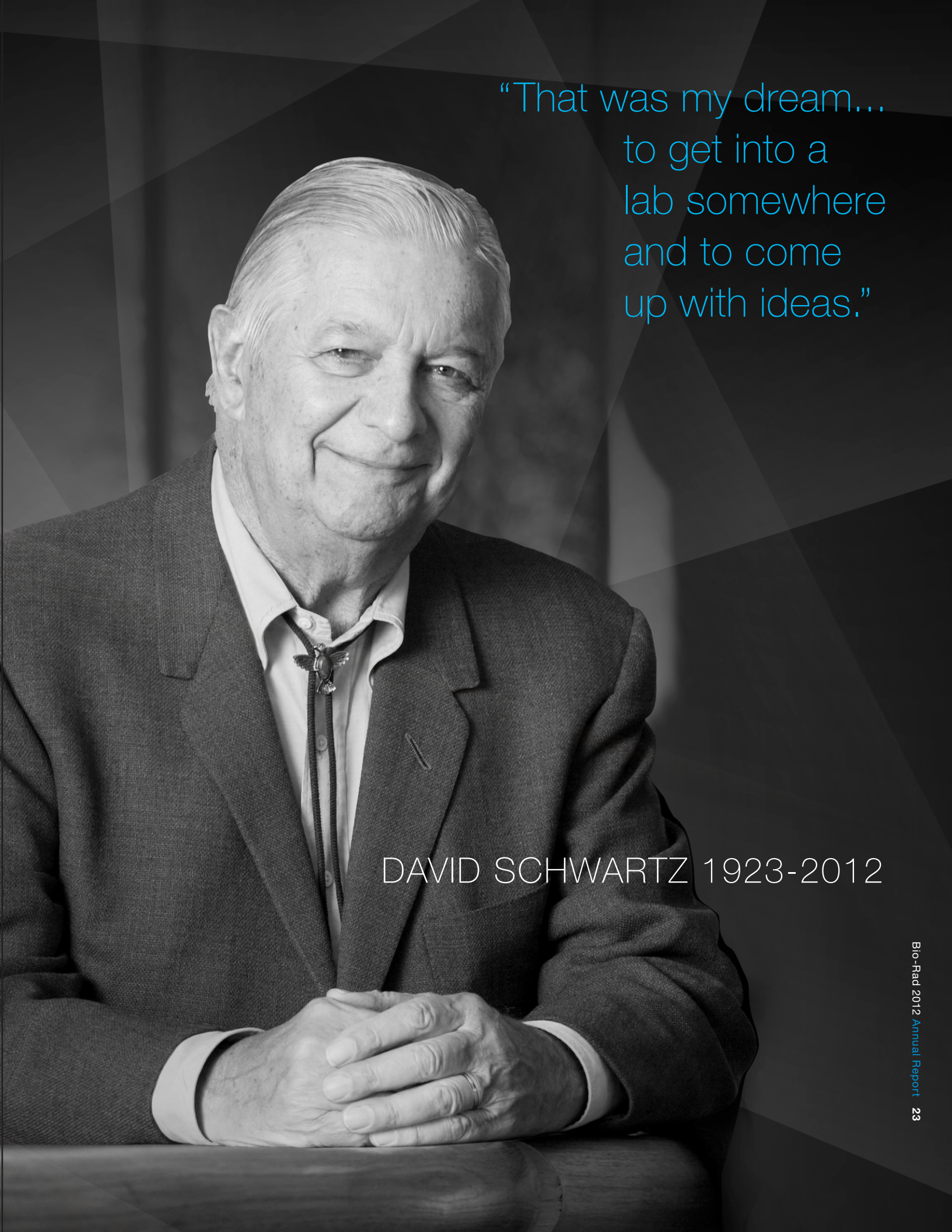
ONE OF A KIND

Until almost the end of his life, you could always find Dave in his corner office. Chances are, he was thinking up a new idea or recalling a colleague's comment that seemed interesting to him. Opportunities are not always obvious, and sometimes as quiet as a whisper, but one thing we knew for sure about Dave: he was always listening.

His accumulated wisdom became the DNA of the company he and Alice founded six decades ago, a set of values and unspoken rules that have endured the test of time and form the basis of who the company is today. While there are many fond memories of Dave, something most will never forget about him was his ability to never be satisfied and to never give up, no matter what.

In spite of the success that led him to this place—as Bio-Rad Co-founder and Chairman of the Board of a $2 billion business—Dave never lost his sense of curiosity, and always remained practical and grounded. His door was always open to anyone, and most days he could be found in the company cafeteria having lunch with employees, shaking hands on his way in and on his way out. Second only to being with his family, Bio-Rad was always where Dave wanted to be. It was his hobby, and offered him the opportunity to interact with people, every day.

In work as in life, Dave was a remarkable individual who seemed to effortlessly find a place in the hearts of nearly everyone who got to know him. His diamond was the brightest of all.


"That was my dream...
to get into a
lab somewhere
and to come
up with ideas."
DAVID SCHWARTZ 1923-2012

BIO-RAD AT A GLANCE

Founded in 1952, Bio-Rad has a global team of more than 7,300 employees and serves more than 100,000 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, laboratory diagnostics, and more.

LIFE SCIENCE

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, cell biology, and food safety. The group ranks among the top five life science companies worldwide, and maintains a solid reputation for quality, innovation, and a long-standing 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, cells, and bacteria. These technologies include electrophoresis, imaging, multiplex immunoassay, chromatography, microbiology, bioinformatics, protein function analysis, transfection, flow cytometry, amplification, and real-time and droplet digital PCR. Bio-Rad products support researchers in laboratories throughout the world.

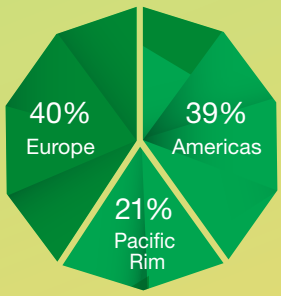
CLINICAL DIAGNOSTICS

The Clinical Diagnostics Group develops, manufactures, sells, and supports a large portfolio of products for laboratory diagnostics. Bio-Rad is a leading 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, blood typing, and autoimmune and genetic disorders testing.

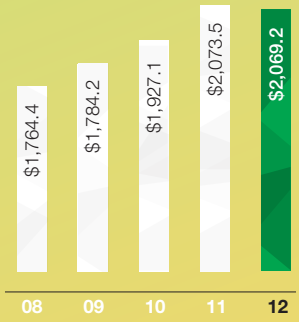
Bio-Rad's clinical diagnostics products incorporate a broad range of technologies used to detect, identify, and quantify substances in bodily fluids and tissues. The results are used as aids to support medical diagnosis, detection, evaluation, and the monitoring and treatment of diseases and other medical conditions.

2012 FINANCIAL HIGHLIGHTS

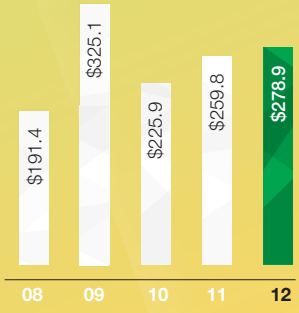
FIVE-YEAR RECORD (IN MILLIONS, EXCEPT FOR RETURN ON SALES AND PER SHARE DATA)	2008	2009	2010	2011	2012
Net Sales	$1,764.4	$1,784.2	$1,927.1	$2,073.5	$ 2,069.2
Gross Profit	$ 962.5	$ 999.8	$1,091.5	$1,177.9	$ 1,154.1
R&D Expense	$ 159.5	$ 163.6	$ 172.3	$ 186.4	$ 214.0
Net Income Attributable to Bio-Rad	$ 89.5	$ 144.6	$ 185.5	$ 178.2	$ 163.8
Return On Sales	5.1%	8.1%	9.6%	8.6%	7.9%
Book Value Per Share	$ 38.11	$ 45.76	$ 55.17	$ 61.87	$ 70.60
Basic Earnings Per Share	$ 3.30	$ 5.28	$ 6.70	$ 6.36	$ 5.79
Cash Flow From Operations	$ 191.4	$ 325.1	$ 225.9	$ 259.8	$ 278.9



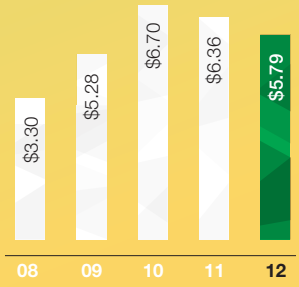
2012 SALES
BY REGION



NET SALES
(IN MILLIONS)

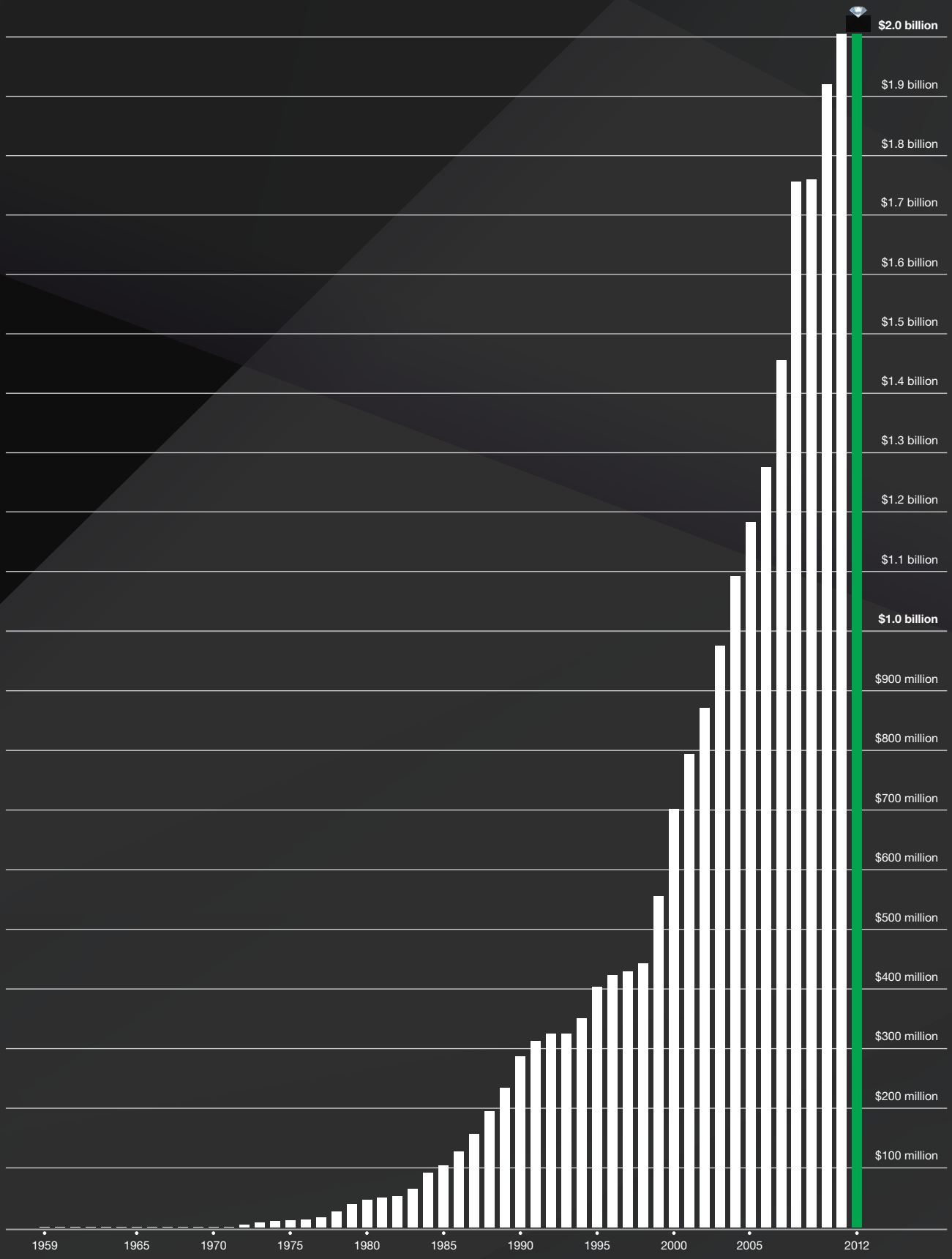


CASH FLOW
FROM OPERATIONS
(IN MILLIONS)



BASIC EARNINGS
PER SHARE

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, 2012

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 code (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, 2012, 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 $1,954,098,590 and the aggregate market value of the registrant's Class B Common Stock held by non-affiliates was approximately $39,439,322.

As of March 12, 2013, there were 23,371,413 shares of Class A Common Stock and 5,127,654 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 2013 Annual Meeting of Stockholders (specified portions)	III

BIO-RAD LABORATORIES, INC.

FORM 10-K DECEMBER 31, 2012

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, 2012. We generated approximately 32% of our consolidated net sales for the year ended December 31, 2012 from U.S. sales and approximately 68% from sales in our remaining worldwide markets.

For a description of business and financial information on industry and geographic segments, see Note 14 on pages 73 through 75 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 currently estimate that the worldwide market for products in these selected segments was approximately $7 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 currently estimate that the worldwide sales for products in the markets we serve were approximately $10 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 2012, 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, PerkinElmer 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 860 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 $214.0 million, $186.4 million and $172.3 million on research and development activities during the years ended December 31, 2012, 2011 and 2010, respectively.

Regulatory Matters

The development, testing, manufacturing, marketing, post-market surveillance, distribution, advertising 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 clearance or approval by the FDA and require certain products to be manufactured in accordance with FDA's "good manufacturing practice" regulations, to be extensively tested and to be properly labeled to disclose test results and performance claims and limitations. The FDA has authority to take various administrative and legal actions against us for our, or our products', failure to comply with relevant legal or regulatory requirements, including issuing warning letters, initiating product seizures, requesting or requiring product recalls or withdrawals, and other civil or criminal sanctions, among other things.

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, 2012, Bio-Rad had approximately 7,380 employees. Approximately seven percent of Bio-Rad's approximately 2,975 U.S. employees are covered by a collective bargaining agreement, which will expire on November 7, 2016. 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, as amended. 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. The information on our website is not part of this Annual Report on Form 10-K.

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 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 investigation, we 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) assumed direct responsibility for reviewing these matters and hired experienced independent counsel to conduct an investigation and provide legal advice. We provided additional information to the DOJ and the SEC as the Audit Committee's investigation progressed. We continue to cooperate with the DOJ and SEC investigations and to provide information to them. The Audit Committee has determined to continue its investigation based on matters that arose in connection with an assessment of our accrual for royalties payable by us under certain patent licenses from a third party.

The DOJ and SEC investigations are also continuing and we are presently unable to predict the duration, scope or results of these investigations 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.

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 additional time to file an amended complaint. The court denied our motion to stay this matter because it dismissed the complaint. The parties have agreed to a stipulated dismissal of this case, without prejudice, and to a tolling of the statute of limitations pending the resolution of the DOJ and SEC investigations.

We have identified four significant deficiencies in our internal control over financial reporting as of December 31, 2012 that, when aggregated, constitute a material weakness in our internal control over financial reporting as of December 31, 2012. Our failure to establish and 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 assessment of the effectiveness of internal control over financial reporting and the preparation of our financial statements for the year ended December 31, 2012, our management identified four significant deficiencies in our internal control over financial reporting as of December 31, 2012 that, when aggregated, constitute a material weakness in our internal control over financial reporting as of December 31, 2012. 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 four significant deficiencies that we identified are the result of: (i) an inadequate accounting close process, including our failure to review and adjust a contingency accrual with respect to royalties owed to a third party in a timely manner, inadequate supporting documentation for certain key transactions and account reconciliations at some of our foreign locations, and our lack of adequate financial statement review at our German subsidiary; (ii) an inadequate revenue recognition process, including the unauthorized execution of distributor contracts at our Chinese subsidiary, our lack of controls over pricing and our ineffective methods of analyzing credit risk, and in some instances, the lack of sufficient documentation for the timing of revenue recognition; (iii) an inadequate reagent rental process at certain of our international subsidiaries, including our failure to provide management review of reagent rental agreements, our failure to monitor ongoing compliance with agreement terms, and our lack of timely reconciliations of our reagent rental equipment; and (iv) inadequate expenditure controls at our German subsidiary, including our lack of compliance with controls for vendor management and transaction approvals, and insufficient segregation of duties.

We cannot assure you that we will be able to remediate these significant deficiencies and the resulting material weakness or that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. Any failure to maintain or implement new or improved internal controls, or any difficulties that we may encounter in their maintenance or implementation, could result in additional significant deficiencies or material weaknesses, 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 has and could in the future 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.

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 evolving and we have no greater knowledge of the situation other than what is publicly reported. As of December 31, 2012 and December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $64.8 million and $82.1 million, respectively. The decrease from December 31, 2011 was primarily associated with large payments made in June 2012 of approximately $21 million by public agencies in Spain that represented Spanish balances that were significantly past due.

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 68% of our net sales for the year ended December 31, 2012. 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 for 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.

In the United States, 2010 reform measures, in particular, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, collectively, the PPACA, impose significant new programs and responsibilities affecting U.S. pharmaceutical and medical device industries. The PPACA, among other things, establishes annual fees and taxes on manufacturers of certain medical devices, including our devices, and promotes programs that increase the federal government's comparative effectiveness research, which may be used to evaluate the selection of medical services by clinicians and others. PPACA also mandates a reduction in payments for clinical laboratory services paid under the Medicare Clinical Laboratory Fee Schedule of 1.75% for the years 2011 through 2015. In addition, a productivity adjustment is made to the fee schedule payment amount. These changes in payments apply to some or all of the clinical laboratory test services we furnish to Medicare beneficiaries.

In addition, other legislative changes have been proposed and adopted in the United States since the PPACA was enacted. On August 2, 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, starting in 2013. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, or the ATRA, which, among other things, delayed for another two months the budget cuts mandated by these sequestration provisions of the Budget Control Act of 2011. The ATRA also reduced Medicare payments to several providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. To the extent that the healthcare industry seeks to address the need to contain costs stemming from reform measures such as those contained in PPACA and ATRA, or in future legislation, 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. We are currently in the process of implementing a global single instance Enterprise Resource Planning (ERP) platform. If we fail to successfully manage and integrate our IT systems, reporting systems and operating procedures, including the ERP platform, 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, and any changes in regulation or violations of regulations by us, could adversely affect our business, prospects, results of operations or financial condition.

Some of our products (primarily diagnostic products), production processes and marketing are subject to federal, state, local and foreign regulation, including by the FDA and its foreign counterparts. The FDA regulates our diagnostic products as medical devices pursuant to the Federal Food, Drug and Cosmetic Act. Unless an exemption applies, each medical device marketed in the United States must first receive either clearance of a 510(k) premarket notification or approval of a premarket approval application from the FDA, depending on the risk classification of the device. Medical devices can be marketed only for the indications for which they are cleared or approved. The FDA has also generally exercised its enforcement discretion to not enforce applicable regulations, including

premarket requirements, with respect to certain diagnostic products referred to as laboratory developed tests, which are tests developed by a single laboratory for use only in that laboratory. However, the FDA has indicated, since 2010, that it intends to reconsider its policy regarding enforcement and to begin drafting an oversight framework for such tests. After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a PMA approval. After a device is placed on the market, regardless of the classification or pre-market pathway, it remains subject to significant regulatory requirements. The FDA has broad regulatory and enforcement powers. If the FDA determines that we have failed to comply with applicable regulatory requirements, it can impose a variety of enforcement actions ranging from public warning letters, fines, injunctions, consent decrees and civil penalties to suspension or delayed issuance of approvals, seizure or recall of our products, total or partial shutdown of production, withdrawal of approvals or clearances already granted, and criminal prosecution. The FDA can also require us to repair, replace or refund the cost of devices that we manufactured or distributed.

In addition, the FDA may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions, which may prevent or delay approval or clearance of our products or impact our ability to modify our currently approved or cleared products on a timely basis. For example, the FDA recently initiated a review of the pre-market clearance process in response to internal and external concerns regarding the 510(k) program. In January 2011, the FDA announced 25 action items designed to make the process more rigorous and transparent. Some of these proposals, if enacted, could impose additional regulatory requirements upon us, which could delay our ability to obtain new 510(k) clearances, increase the costs of compliance or restrict our ability to maintain our current clearances. Any delay in, or failure to receive or maintain, clearance or approval for our products could prevent us from generating revenue from these products and adversely affect our business operations and financial results. Additionally, the FDA and other regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could affect the perceived safety and efficacy of our products and dissuade our customers from using our products.

We are also subject to government regulation of the use and handling of a number of materials and controlled substances. The U.S. Drug Enforcement Administration establishes registration, security, recordkeeping, reporting, storage, distribution and other requirements for controlled substances pursuant to the Controlled Substances Act of 1970. Failure to comply with present or future laws and 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 subject to federal and state healthcare fraud and abuse laws and regulations and could face substantial penalties if we are unable to fully comply with such laws.

We are subject to healthcare fraud and abuse regulation and enforcement by both the federal government and the states and foreign governments in which we conduct our business. These healthcare laws and regulations include, for example:

- the federal Anti-Kickback Law, which prohibits, among other things, persons or entities from soliciting, receiving, offering or providing remuneration, directly or indirectly, in return for or to induce either the referral of an individual for, or the purchase order or recommendation of, any item or services for which payment may be made under a federal healthcare program such as the Medicare and Medicaid programs;
- federal false claims laws which, prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent, and which may apply to entities like us to the extent that our interactions with customers may affect their billing or coding practices;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which established new federal crimes for knowingly and willfully executing a scheme to defraud any healthcare benefit program or making false statements in connection with the delivery of or payment for healthcare benefits, items or services; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from the Medicare and Medicaid programs, and the curtailment or restructuring of our operations. Any penalties, damages, fines, exclusions, curtailment or restructuring of our operations could adversely affect our ability to operate our business and our financial results. The risk of our being found in violation of these laws is increased by the fact that many of these laws are broad and their provisions are open to a variety of interpretations. Further, the PPACA amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the government may assert that a claim including items or services resulting from a violation of the federal anti-kickback statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business.

Further, the PPACA includes provisions known as the Physician Payment Sunshine Act, which requires certain manufacturers of drugs, biologics, devices and medical supplies to record any transfers of value to U.S. physicians and U.S. teaching hospitals. Manufacturers must also disclose investment interests held by physicians and their family members. Failure to submit the required information may result in civil monetary penalties of up to $1 million per year for known violations and may result in liability under other federal laws or regulations. Manufacturers will be required to begin data collection on August 1, 2013 and report such data to the Centers for Medicare and Medicaid Services by March 31, 2014. Several states in the U.S. have also implemented similar reporting requirements, and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. These laws will impose administrative, cost and compliance burdens on us. If we are found to be in violation of any of these laws and other applicable state and country laws, we may be subject to penalties, including fines.

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 15, 2013, the Schwartz family collectively held approximately 15% of our Class A Common Stock and 92% 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.

David Schwartz, our co-founder and former Chairman of the Board, passed away on April 1, 2012; however, we do not expect Mr. Schwartz's death to affect the Schwartz family's majority voting power.

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, 2012 we and our subsidiaries had approximately $734.2 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% Senior Subordinated Notes due 2016 (8.0% Notes).

The following chart shows certain important credit statistics.

	At December 31, 2012
	(dollars in millions)
Total debt	$ 734.2
Bio-Rad's stockholders' equity	$ 2,010.7
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
	Oxford, England	Leased
Clinical Diagnostics	Hercules, California	Owned/Leased
	Benicia, California	Leased
	Irvine, California	Leased
	Greater Seattle area, Washington	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 investigation, we 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) assumed direct responsibility for reviewing these matters and hired experienced independent counsel to conduct an investigation and provide legal advice. We provided additional information to the DOJ and the SEC as the Audit Committee's investigation progressed. We continue to cooperate with the DOJ and SEC investigations and to provide information to them. The Audit Committee has determined to continue its investigation based on matters that arose in connection with an assessment of our accrual for royalties payable by us under certain patent licenses from a third party.

The DOJ and SEC investigations are also continuing and we are presently unable to predict the duration, scope or results of these investigations 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 additional time to file an amended complaint. The court denied our motion to stay this matter because it dismissed the complaint. The parties have agreed to a stipulated dismissal of this case, without prejudice, and to a tolling of the statute of limitations pending the resolution of the DOJ and SEC investigations.

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.

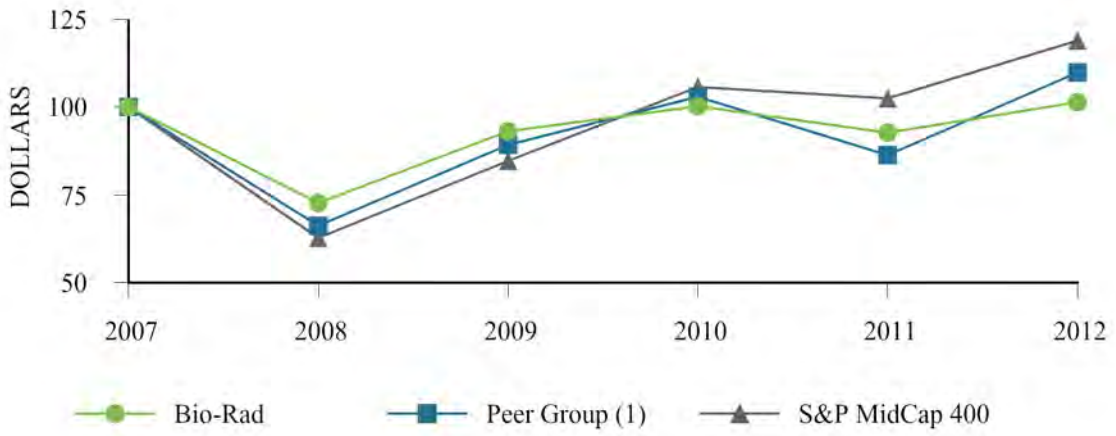
	Class A		Class B	
	High	Low	High	Low
2012				
Fourth Quarter	$ 109.93	$ 99.00	$ 110.26	$ 99.72
Third Quarter	109.62	91.52	109.50	92.10
Second Quarter	118.00	95.05	115.38	95.63
First Quarter	106.91	96.19	105.25	96.26
2011				
Fourth Quarter	$ 103.22	$ 87.98	$ 102.90	$ 89.20
Third Quarter	122.39	84.02	122.21	87.33
Second Quarter	126.98	115.77	126.56	116.67
First Quarter	120.18	104.30	121.02	104.89

On February 15, 2013, we had 513 holders of record of Class A Common Stock and 146 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, 2007, 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,				
	2012	2011	2010	2009	2008
Net sales	$ 2,069,235	$ 2,073,529	$ 1,927,118	$ 1,784,244	$ 1,764,365
Cost of goods sold	915,097	895,640	835,630	784,401	801,843
Gross profit	1,154,138	1,177,889	1,091,488	999,843	962,522
Selling, general and administrative expense	682,898	696,294	635,213	601,468	591,304
Research and development expense	214,040	186,439	172,266	163,585	159,518
Impairment losses on goodwill and long-lived assets	—	—	—	3,802	28,757
Interest expense	51,112	53,135	63,717	47,024	32,113
Foreign exchange losses, net	5,040	13,842	3,884	5,003	7,634
Other (income) expense, net	(21,883)	(7,583)	(3,875)	(6,871)	353
Income before income taxes and noncontrolling interests	222,931	235,762	220,283	185,832	142,843
Provision for income taxes	(59,084)	(57,739)	(33,348)	(36,667)	(44,579)
Net (income) loss attributable to noncontrolling interests	(69)	200	(1,445)	(4,545)	(8,754)
Net income attributable to Bio-Rad	$ 163,778	$ 178,223	$ 185,490	$ 144,620	$ 89,510
Basic earnings per share	$ 5.79	$ 6.36	$ 6.70	$ 5.28	$ 3.30
Diluted earnings per share	$ 5.72	$ 6.26	$ 6.59	$ 5.20	$ 3.24
Cash dividends paid per common share	$ —	$ —	$ —	$ —	$ —
Total assets	$ 3,436,753	$ 3,096,803	$ 3,062,764	$ 2,535,853	$ 2,037,264
Long-term debt, net of current maturities	$ 732,414	$ 731,698	$ 731,100	$ 737,919	$ 445,979

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.

We announced on February 26, 2012 our preliminary unaudited results for the fourth quarter and the year ended December 31, 2012. These results included an accrual for royalties to a third party and related interest. Since that announcement, we have reviewed developments relating to those royalties and have increased the accrual for royalties and related interest. The consolidated financial statements included in this annual report on Form 10-K for the year ended December 31, 2012 reflect the increased accrual for royalties and interest, as well as the related impact on our provision for income taxes.

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 do not disclose quantitative information about our different products and services as it is impractical to do so based primarily on the numerous products and services that we sell and the global markets that we serve.

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 32% of our 2012 consolidated net sales are derived from the United States and approximately 68% are derived from international locations. The international sales are largely denominated in local currencies such as Euros, Swiss Franc, Japanese Yen, China Yuan 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 January 2013, we acquired AbD Serotec, a division of MorphoSys AG, for approximately 53 million Euros (approximately $70 million) in cash. The acquisition will be included in our Life Science segment's results of operations from the acquisition date and will be accounted for as a business combination. We believe that with AbD Serotec's comprehensive catalog of antibodies, we will be able to offer our customers total assay solutions that can be validated on many of our research platforms for western blotting, multiplex protein expression, ELISA and cell sorting.

In August 2012, we acquired from Propel Labs, Inc. a new cell sorting system, an automated, easy-to-use benchtop cell sorting flow cytometer. This asset acquisition was accounted for as a business combination and is included in our Life Science segment's results of operations from the acquisition date. The fair value of the consideration as of the acquisition date was $49.6 million, which included $5.0 million paid in cash at the closing date and $44.6 million in contingent consideration related to the achievement of certain development and sales milestones valued at $19.9 million and $24.7 million, respectively, that could potentially be payable to Propel Labs' shareholders. The contingent consideration was recognized at its estimated fair value of $44.6 million as of December 31, 2012. The fair values of the net assets acquired from Propel Labs, Inc. as of the acquisition date were determined to be $17.4 million of goodwill, $32.1 million of definite-lived intangible assets and $0.1 million of net tangible assets. The acquired cell sorting system fits well into Bio-Rad's existing Life Science segment product offerings and may offer researchers greater access to this technology.

In July 2012, we acquired all of the outstanding shares of DiaMed Benelux for 4.6 million Euros (approximately $5.6 million) in cash. This acquisition was accounted for as a business combination and is included in our Clinical Diagnostics segment's results of operations from the acquisition date. We acquired net tangible liabilities with a fair value of $2.3 million and the fair values of the assets acquired as of the acquisition date were determined to be $3.0 million of goodwill and $4.9 million of definite-lived intangible assets. DiaMed Benelux became the exclusive distributor of certain Bio-Rad immunohematology products in the Benelux market as a result of our 2007 acquisition of DiaMed Holding AG. This distributor acquisition is consistent with our stated objective to control the distribution of our own products and services.

In January 2012, we purchased, for cash, certain assets from a raw material supplier for approximately $12.5 million. This asset acquisition was accounted for as a business combination and is included in our Clinical Diagnostics segment's results of operations from the acquisition date. The fair value of the assets acquired at the acquisition date was determined to be $6.3 million of net tangible assets, $5.1 million of intangible assets and $1.1 million of goodwill. In addition, we paid $2.0 million for employment agreements as an incentive to certain employees of the acquired business to remain with Bio-Rad. Such amount will be expensed over the next two years and is recorded in Prepaid expenses, taxes and other current assets and Other assets in our Consolidated Balance Sheet. 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 October 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 was 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. As of December 31, 2012, the fair value of the contingent consideration was $8.0 million and could potentially reach $37 million upon the achievement of the remaining sales and development milestones. The operating results of this business are included in the results of operations of our Life Science segment from the acquisition date. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current portfolio of products for the amplification and study of DNA and we believe it will complement Bio-Rad's existing 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. During the second quarter of 2012, we finalized the determination of fair value for certain acquired tax attributes and adjusted the preliminary carrying values of goodwill and certain other assets and liabilities in order to reflect final information received, resulting in an overall reduction of goodwill of $0.6 million. These measurement period adjustments had no impact on our results of operations for the year ended December 31, 2012. The final fair values of the net assets acquired as of the acquisition date were determined to be $105.5 million of goodwill, $94.7 million of intangible assets and $20.8 million of net tangible liabilities.

During the first quarter of 2012, we identified an error in the consolidated financial statements for the years 2007 through 2011, related to a foreign supplemental tax associated with social benefits. We incorrectly interpreted and applied the local statutes to our circumstances. We accrued $6.1 million for these foreign supplemental taxes, including penalties and interest, during the first quarter of 2012, all of which has been paid. The foreign supplemental tax, and the related penalties and interest, were not deductible for income tax purposes, and as such this error did not have an impact on Bio-Rad's provision for income taxes.

We evaluated the materiality of the error from a qualitative and quantitative perspective. Based on such evaluation, we concluded that while the accumulation of the error was significant to the three-month period ended March 31, 2012, the correction was not material to any individual prior period or for the year ended December 31, 2012, nor did it have an effect on the trend of financial results, taking into account the requirements of the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108).

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

	Year Ended December 31,		
	2012	2011	2010
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	44.2	43.2	43.4
Gross profit	55.8	56.8	56.6
Selling, general and administrative expense	33.0	33.6	33.0
Research and development expense	10.3	9.0	8.9
Net income attributable to Bio-Rad	7.9	8.6	9.6

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, 2012 and 2011.

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 exposures, as well as making judgments regarding the recoverability of deferred tax assets in each jurisdiction. 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. Management 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 have recorded a valuation allowance of $52.9 million and $48.9 million as of December 31, 2012 and 2011, 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.

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. Our overall effective tax rate is subject to fluctuations because of changes in the geographic mix of earnings, changes to statutory tax rates and tax laws, and because of the impact of various tax audits and assessments, as well as generation of tax credits.

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. There were no impairment losses recorded in 2012, 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 liabilities 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 2012 were relatively unchanged at $2.07 billion compared to 2011. Excluding the impact of foreign currency, 2012 sales increased by approximately 3.6% compared to 2011. Currency neutral sales growth was achieved in all regions, however Europe grew by less than 1% percent.

The Life Science segment sales in 2012 were $688.4 million, a decrease of 0.9% compared to 2011. On a currency neutral basis, sales increased 1.5% compared to 2011. The currency neutral sales increase was primarily in laboratory separation and process chromatography, as well as increased sales from the droplet digital PCR product line associated with the QuantaLife acquisition. The Life Science segment currency neutral sales increased in North America, Latin America, Europe and Asia.

The Clinical Diagnostics segment sales in 2012 were $1.37 billion, an increase of 0.1% compared to 2011. On a currency neutral basis, sales increased 4.7% compared to 2011. Clinical Diagnostics product lines generating growth were quality controls, diabetes, microbiology, blood virus and BioPlex® 2200. In 2011, sales were impacted by a one-time blood typing equipment sale of approximately $8 million. Currency neutral sales growth was achieved in the Pacific Rim, the Americas and the emerging markets, while currency neutral sales declined in western Europe.

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 had 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.

Gross margin

Consolidated gross margins were 55.8% in 2012 compared to 56.8% in 2011. Life Science segment gross margins in 2012 decreased from 2011 by approximately 3.3% primarily due to amortization expense of $10.0 million related to the droplet digital PCR products and cell sorting system acquisitions, an incremental royalty accrual related to a

dispute with a third party, as well as a $3.8 million soil remediation expense associated with a manufacturing plant. Clinical Diagnostics segment gross margins in 2012 were relatively unchanged from 2011, reflecting an increase of 0.1%.

Beginning in 2013, under the Patient Protection and Affordable Health Care and the Health Care and Education Reconciliation Acts of 2010, among other initiatives, the legislation provides for a 2.3% annual excise tax on the sales of certain medical devices in the U.S. Bio-Rad will be required to pay this excise tax on most of our U.S. Clinical Diagnostic sales and estimate that the effect on gross margins to be less than 0.25%.

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.

Selling, general and administrative expense

Consolidated selling, general and administrative expenses (SG&A) represented 33.0% of sales in 2012 compared to 33.6% of sales in 2011. Decreases in SG&A relative to sales were primarily driven by the 2012 adjustments to the fair value of the QuantaLife contingent consideration of $16.1 million, a decline in third party commissions compared to 2011, and a lower bad debt expense provision compared to 2011, primarily in Spain of approximately $8.6 million associated with large payments made in June 2012 by public agencies that represented Spanish balances that were significantly past due, partially offset by an increase in incentive compensation and professional fees compared to 2011. The decrease in the contingent consideration liability for QuantaLife was primarily due to not achieving the first three short-term milestones as a result of recent weakening in funding to the research and development markets and a longer sales cycle for this new technology, causing a revision in sales forecasts for the remaining sales milestone contractual period ending in March 2014.

Consolidated 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.

Research and development expense

Research and development expense increased to $214.0 million or 10.3% of sales in 2012 compared to $186.4 million or 9.0% of sales in 2011, primarily in the Life Science segment. Life Science segment research and development expense increased in 2012 from 2011 primarily related to the droplet digital PCR products and cell sorting system acquisitions, which had high research and development costs relative to sales for these new products. Clinical Diagnostics segment research and development expense increased in 2012 from 2011 primarily due to increased investment in enhanced product offerings in blood typing, quality controls, diabetes and blood virus product lines.

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.

Results of Operations – Non-operating

Interest expense

Interest expense in 2012 decreased 3.8% to $51.1 million compared to 2011 primarily due to the refinancing of a portion of our debt that was completed in January 2011, lowering our overall borrowing costs. The interest rates on our current borrowings are fixed for our $300.0 million Senior Subordinated Notes through 2016 at 8.0% and for our $425.0 million Senior Notes through 2020 at 4.875%.

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.

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 2012, 2011 and 2010 were $5.0 million, $13.8 million and $3.9 million, respectively. The 2012, 2011 and 2010 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 a larger forward foreign exchange contract 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 in 2012 increased to $21.9 million income compared to $7.6 million income in 2011. The increase was primarily due to higher realized gains on the sale of equity investments in 2012 of $8.0 million compared to 2011 and a 2012 gain of $4.3 million on the sale of a building in our Clinical Diagnostics segment.

Other (income) expense, net 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.

Effective tax rate

Our effective tax rate was 27%, 24% and 15% in 2012, 2011 and 2010, respectively. The effective tax rate for 2012 reflected a tax benefit related to an adjustment to the fair value of the QuantaLife contingent consideration. The American Taxpayer Relief Act of 2012, enacted on January 2, 2013, retroactively reinstated the federal research and development credit from January 1, 2012 through December 31, 2013. The effect of this change in the tax law related to 2012 is estimated to be between $2.7 million and $3 million and will be recognized as a benefit to income tax expense in the first quarter of fiscal 2013, the quarter the law was enacted. The effective tax rate for 2011 reflected tax benefits from nontaxable dividend income and the release of tax liabilities. The lower effective tax rate in 2010 was due to a $22.0 million foreign tax credit benefit related to a $164.0 million distribution from our foreign affiliates to the U.S.

The effective tax rates for all three periods were lower than the U.S. statutory rate primarily due to tax benefits from differences between U.S. and foreign statutory tax rates, and research and development tax credits. Our foreign income is earned primarily in France and Switzerland. Switzerland's statutory tax rate is significantly lower than

our U.S. statutory tax rate of 35%. Our effective tax rates are also significantly reduced by French tax incentives related to our research and development activities.

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 the 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, 2012. The Credit Agreement expires on June 21, 2014.

At December 31, 2012, we had available $921.1 million in cash, cash equivalents and short-term investments, of which approximately 30% was in our foreign subsidiaries. We believe that our holdings of cash, cash equivalents and short-term investments in the U.S. and in our foreign subsidiaries are sufficient to meet both the current and long-term needs of our global operations. The amount of funds held in the United States can fluctuate due to the timing of receipts and payments in the ordinary course of business and due to other reasons, such as business-development activities. As part of our ongoing liquidity assessments, we regularly monitor the mix of domestic and foreign cash flows (both inflows and outflows). Repatriation of overseas funds will result in additional U.S. federal and state income tax payments. In general, it is our practice and intention to reinvest the cash generated by our foreign subsidiaries in our foreign subsidiaries' operations.

Under domestic and international lines of credit, we had $226.8 million available for borrowing as of December 31, 2012, of which $11.6 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 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 evolving and we have no greater knowledge of the situation other than what is publicly reported. As of December 31, 2012 and December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $64.8 million and $82.1 million, respectively. The decrease from December 31, 2011 was primarily due to payments made in June 2012 of approximately $21 million by public agencies in Spain that represented Spanish balances that were significantly past due.

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 $278.9 million, $259.8 million and $225.9 million in 2012, 2011, and 2010, respectively. The net increase between 2012 and 2011 of $19.1 million primarily represented higher cash received from customers that in part reflected improved payments in 2012 from Southern European customers, and a decline in interest paid due to the refinancing of a portion of our debt that was completed in January 2011, partially offset by higher income tax payments as 2011 included an income tax refund of approximately $25 million. Also affecting cash flows from operations was the Enterprise Resource Planning (ERP) project that was considered in the "Preliminary Project Stage" in 2011, which requires internal labor costs to be expensed, whereas in 2012 we were in the "Application Development Stage," which requires internal labor costs to be capitalized and is currently included in cash flows from investing activities. We continue to focus on cash flow improvements as a global company-wide goal.

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 and an income tax refund in 2011, 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 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 2013 cash flows from operations to be lower than the fourth quarter of 2012 as Bio-Rad historically has made 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 $412.8 million, $383.4 million and $216.5 million for 2012, 2011 and 2010, respectively. Capital expenditures in 2012 totaled $152.4 million, compared to $102.9 million and $88.5 million in 2011 and 2010, 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 remain historically higher for the next three to four years due to the implementation of a global single instance ERP platform and to expand our e-commerce platform. The ERP software was purchased in December 2010. The estimated global implementation cost for the single instance ERP platform could reach up to $200 million and is estimated to take approximately four more years to fully implement.

In August 2012, we acquired from Propel Labs, Inc. a new cell sorting system, an automated, easy-to-use benchtop cell sorting flow cytometer. This business acquisition is included in our Life Science segment's results of operations from the acquisition date. The fair value of the consideration as of the acquisition date was $49.6 million, which included $5.0 million paid in cash at the closing date and $44.6 million in contingent consideration related to the achievement of certain development and sales milestones valued at $19.9 million and $24.7 million, respectively, that could potentially be payable to Propel Labs' shareholders. The contingent consideration was recognized at its estimated fair value of $44.6 million as of December 31, 2012. The fair values of the net assets acquired from Propel Labs, Inc. as of the acquisition date were determined to be $17.4 million of goodwill, $32.1 million of definite-lived

intangible assets and $0.1 million of net tangible assets. The acquired cell sorting system fits well into Bio-Rad's existing Life Science segment product offerings and may offer researchers greater access to this technology.

In July 2012, we acquired all of the outstanding shares of DiaMed Benelux for 4.6 million Euros (approximately $5.6 million) in cash. This acquisition was accounted for as a business combination and is included in our Clinical Diagnostics segment's results of operations from the acquisition date. We acquired net tangible liabilities with a fair value of $2.3 million and the fair values of the assets acquired as of the acquisition date were determined to be $3.0 million of goodwill and $4.9 million of definite-lived intangible assets. DiaMed Benelux became the exclusive distributor of certain Bio-Rad immunohematology products in the Benelux market as a result of our 2007 acquisition of DiaMed Holding AG. This distributor acquisition is consistent with our stated objective to control the distribution of our own products and services.

In January 2012, we purchased, for cash, certain assets from a raw material supplier for approximately $12.5 million. This asset acquisition was accounted for as a business combination and is included in our Clinical Diagnostics segment's results of operations from the acquisition date. The fair value of the assets acquired at the acquisition date was determined to be $6.3 million of net tangible assets, $5.1 million of intangible assets and $1.1 million of goodwill. In addition, we paid $2.0 million for employment agreements as an incentive to certain employees of the acquired business to remain with Bio-Rad. Such amount will be expensed over the next two years and is recorded in Prepaid expenses, taxes and other current assets and Other assets in our Consolidated Balance Sheet. 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 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. As of December 31, 2012, the fair value of the contingent consideration was $8.0 million and could potentially reach $37 million upon the achievement of the remaining 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 portfolio of products for the amplification and study of DNA and we believe it will complement Bio-Rad's existing business.

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 2013, we acquired AbD Serotec, a division of MorphoSys AG, for approximately 53 million Euros (approximately $70 million) in cash. The acquisition will be included in our Life Science segment's results of operations from the acquisition date and will be accounted for as a business combination. We believe that with AbD Serotec's comprehensive catalog of antibodies, we will be able to offer our customers total assay solutions that can be validated on many of our research platforms for western blotting, multiplex protein expression, ELISA and cell sorting.

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 provided by financing activities was $12.6 million and $228.7 million in 2012 and 2010, respectively, and net cash used in financing activities was $213.6 million in 2011. Cash provided in 2012 was primarily from proceeds from issuance of our common stock. 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. 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 $18.0 million of Bio-Rad's common stock, of which $3.3 million has yet to be repurchased in the open market as of December 31, 2012. The Amended and Restated Credit Agreement (Credit Agreement) and the indenture governing our 8.0% Senior Subordinated Notes due 2016 limit our ability to repurchase our stock. In accordance with the terms of awards under the 2007 Incentive Award Plan, in June 2012, we withheld 122 shares of our Class A common stock and 917 shares of our Class B common stock to satisfy tax obligations due upon the vesting of restricted stock of certain of our employees, which is considered a repurchase of our stock. We had no other repurchases of our stock during 2012, 2011 or 2010. In 2013, we estimate repurchasing approximately 1,000 shares to satisfy tax obligations due upon the vesting of restricted stock of certain of our employees.

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, 2012 and the effect such obligations are expected to have on our cash flows in future periods (in millions):

	Payments Due by Period				
Contractual Obligations	Total	Less Than One Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt, including current portion (1)	$ 732.6	$ 0.2	$ 0.4	$ 297.3	$ 434.7
Interest payments	253.7	44.7	89.4	58.4	61.2
Operating lease obligations (2)	166.2	35.3	54.0	33.3	43.6
Purchase obligations (3)	65.5	56.0	9.5	—	—
Long-term liabilities (4)	96.9	—	39.0	4.9	53.0

(1) These amounts represent expected cash payments, including capital lease obligations and are included in our December 31, 2012 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 12 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 taxes payable, including uncertain tax positions, in the amount of $11.2 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 March 2013, the Financial Accounting Standards Board (FASB) issued guidance in regard to a parent's accounting upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This guidance specifies that a cumulative translation adjustment (CTA) should be released into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro rata portion of CTA attributable to the investment would be recognized in earnings upon sale of the investment. When an entity sells either a part or all of its investment in a consolidated foreign entity, CTA would be recognized in earnings only if the sale results in the parent no longer having a controlling financial interest in the foreign entity. CTA would be recognized in earnings in a business combination achieved in stages (i.e., a step acquisition). This guidance will be effective prospectively for annual and interim reporting periods beginning after December 15, 2013. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In July 2012, the FASB issued guidance in regard to testing indefinite-lived intangible assets for impairment. The new guidance provides entities the option of performing a "qualitative" assessment to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived asset is impaired and hence if further testing is necessary. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This guidance was effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and is not expected to 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. We adopted this guidance using the two separate but consecutive statements as of January 1, 2012. In February 2013, the FASB issued guidance requiring that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified

from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. If a component is not required to be reclassified to net income in its entirety, companies would instead cross reference to the related footnote for additional information. This guidance was effective for annual and interim reporting periods beginning after December 15, 2012.

In May 2011, the 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). We adopted this guidance as of January 1, 2012 and it did not have a material impact on our results of operations or financial position.

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. 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, Brazilian Real 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 $42 million on our derivative position as of December 31, 2012. 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, 2012, 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, 2012 and 2011, and the related consolidated statements of income, comprehensive income, cash flows, and changes in stockholders' equity for each of the three years in the period ended December 31, 2012. 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, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012 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), Bio-Rad Laboratories, Inc.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 18, 2013, expressed an adverse opinion thereon.

/s/ Ernst & Young LLP

Redwood City, California
March 18, 2013

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

	December 31,	
	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 463,388	$ 574,231
Short-term investments	457,685	238,884
Accounts receivable, less allowance for doubtful accounts of $29,202 at 2012 and $33,259 at 2011	398,739	398,674
Inventories:		
Raw materials	93,009	99,326
Work in process	124,737	120,191
Finished goods	230,624	213,993
Total inventories	448,370	433,510
Deferred tax assets	57,751	53,777
Prepaid expenses, taxes and other current assets	103,999	99,079
Total current assets	1,929,932	1,798,155
Property, plant and equipment:		
Land and improvements	18,898	19,044
Buildings and leasehold improvements	268,217	249,615
Equipment	724,919	613,253
Total property, plant and equipment	1,012,034	881,912
Less: accumulated depreciation and amortization	(595,096)	(532,411)
Property, plant and equipment, net	416,938	349,501
Goodwill, net	495,418	468,933
Purchased intangibles, net	260,939	259,497
Long-term deferred tax assets	15,477	11,189
Other assets	318,049	209,528
Total assets	$ 3,436,753	$ 3,096,803

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,	
	2012	2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 130,867	$ 129,124
Accrued payroll and employee benefits	135,955	112,564
Notes payable and current maturities of long-term debt	1,750	814
Income and other taxes payable	32,299	52,285
Accrued royalties	29,718	25,219
Deferred revenue	26,288	24,322
Other current liabilities	113,043	114,787
Total current liabilities	469,920	459,115
Long-term debt, net of current maturities	732,414	731,698
Deferred income taxes	115,054	85,522
Other long-term liabilities	108,095	76,086
Total liabilities	1,425,483	1,352,421
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; shares issued - 23,332,532 and 23,020,215 at 2012 and 2011, respectively; shares outstanding - 23,332,410 and 23,020,215 at 2012 and 2011, respectively	2	2
Class B common stock, $0.0001 par value; 20,000,000 shares authorized; shares issued - 5,149,771 and 5,164,765 at 2012 and 2011, respectively; shares outstanding - 5,148,854 and 5,164,765 at 2012 and 2011, respectively	1	1
Additional paid-in capital	212,244	185,334
Class A treasury stock at cost, 122 and zero shares at 2012 and 2011, respectively	(12)	—
Class B treasury stock at cost, 917 and zero shares at 2012 and 2011, respectively	(89)	—
Retained earnings	1,523,688	1,359,910
Accumulated other comprehensive income	274,901	198,690
Total Bio-Rad stockholders' equity	2,010,735	1,743,937
Noncontrolling interests	535	445
Total stockholders' equity	2,011,270	1,744,382
Total liabilities and stockholders' equity	$ 3,436,753	$ 3,096,803

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,		
	2012	2011	2010
Net sales	$ 2,069,235	$ 2,073,529	$ 1,927,118
Cost of goods sold	915,097	895,640	835,630
Gross profit	1,154,138	1,177,889	1,091,488
Selling, general and administrative expense	682,898	696,294	635,213
Research and development expense	214,040	186,439	172,266
Income from operations	257,200	295,156	284,009
Interest expense	51,112	53,135	63,717
Foreign exchange losses, net	5,040	13,842	3,884
Other (income) expense, net	(21,883)	(7,583)	(3,875)
Income before income taxes	222,931	235,762	220,283
Provision for income taxes	(59,084)	(57,739)	(33,348)
Net income including noncontrolling interests	163,847	178,023	186,935
Net (income) loss attributable to noncontrolling interests	(69)	200	(1,445)
Net income attributable to Bio-Rad	$ 163,778	$ 178,223	$ 185,490
Basic earnings per share:			
Net income per share basic attributable to Bio-Rad	$ 5.79	$ 6.36	$ 6.70
Weighted average common shares - basic	28,290	28,031	27,665
Diluted earnings per share:			
Net income per share diluted attributable to Bio-Rad	$ 5.72	$ 6.26	$ 6.59
Weighted average common shares - diluted	28,642	28,468	28,151

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

BIO-RAD LABORATORIES, INC.
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31,		
	2012	2011	2010
Net income including noncontrolling interests	$ 163,847	$ 178,023	$ 186,935
Other comprehensive income:			
Foreign currency translation adjustments	24,037	(12,494)	52,365
Reclassification of realized portion of cumulative translation adjustments due to liquidation, net of tax expense of $0.	70	(1,055)	—
Other post-employment benefits adjustments, net of tax benefit of $2.8 million, tax expense of $0.5 million and tax benefit of $0.8 million, respectively.	(8,278)	1,641	(2,535)
Net unrealized holding gains on available-for-sale investments, net of tax expense of $32.2 million, $7.5 million and $8.6 million, respectively.	55,358	12,871	14,725
Reclassification adjustments for gains (losses) included in Net income including noncontrolling interests, net of tax expense of $2.9 million, tax benefit of $0.1 million, and tax expense of $0.2 million, respectively.	5,045	(104)	385
Other comprehensive income, net of tax	76,232	859	64,940
Comprehensive income	240,079	178,882	251,875
Comprehensive (income) loss attributable to noncontrolling interests	(90)	11	(1,447)
Comprehensive income attributable to Bio-Rad	$ 239,989	$ 178,893	$ 250,428

Reclassification adjustments are calculated using the specific identification method.
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,		
	2012	2011	2010
Cash flows from operating activities:			
Cash received from customers	$ 2,063,805	$ 2,018,755	$ 1,877,483
Cash paid to suppliers and employees	(1,661,206)	(1,656,467)	(1,536,935)
Interest paid	(46,369)	(56,859)	(59,834)
Income tax payments	(87,434)	(52,131)	(55,502)
Investment proceeds and miscellaneous receipts, net	12,991	9,686	3,625
Excess tax benefits from share-based compensation	(2,889)	(3,168)	(2,928)
Net cash provided by operating activities	278,898	259,816	225,909
Cash flows from investing activities:			
Capital expenditures	(152,417)	(102,888)	(88,453)
Proceeds from sale of property, plant and equipment	6,325	234	1,190
Payments for acquisitions, net of cash received, and long-term investments	(39,443)	(158,538)	(89,307)
Payments on purchases of intangible assets	(1,780)	(436)	(4,081)
Purchases of marketable securities and investments	(680,966)	(509,310)	(240,286)
Sales of marketable securities and investments	131,295	48,825	4,193
Maturities of marketable securities and investments	327,052	335,781	203,443
(Payments for) proceeds from foreign currency economic hedges, net	(2,870)	2,919	3,211
Restricted cash	—	—	(6,422)
Net cash used in investing activities	(412,804)	(383,413)	(216,512)
Cash flows from financing activities:			
Net payments on line-of-credit arrangements and notes payable	(191)	(3,900)	(830)
Long-term borrowings	—	—	424,633
Payments on long-term borrowings	(620)	(226,835)	(206,706)
Proceeds from issuance of common stock	10,611	14,249	12,730
Debt issuance costs on long-term borrowings	—	(242)	(4,010)
Purchase of treasury stock	(101)	—	—
Excess tax benefits from share-based compensation	2,889	3,168	2,928
Net cash provided by (used in) financing activities	12,588	(213,560)	228,745
Effect of foreign exchange rate changes on cash	10,475	4,837	18,471
Net (decrease) increase in cash and cash equivalents	(110,843)	(332,320)	256,613
Cash and cash equivalents at beginning of year	574,231	906,551	649,938
Cash and cash equivalents at end of year	$ 463,388	$ 574,231	$ 906,551

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

BIO-RAD LABORATORIES, INC.
Consolidated Statements of Changes in Stockholders' Equity
(In thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Bio-Rad Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
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
Other comprehensive income, net of tax	—	—	—	—	64,938	64,938	2	64,940
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	—	—	—	178,223	—	178,223	(200)	178,023
Other comprehensive income, net of tax	—	—	—	—	670	670	189	859
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
Net income	—	—	—	163,778	—	163,778	69	163,847
Other comprehensive income, net of tax	—	—	—	—	76,211	76,211	21	76,232
Issuance of common stock	—	10,611	—	—	—	10,611	—	10,611
Stock compensation expense	—	12,936	—	—	—	12,936	—	12,936
Tax benefit-exercise stock options	—	3,363	—	—	—	3,363	—	3,363
Purchase of treasury stock	—	—	(101)	—	—	(101)	—	(101)
Balance at December 31, 2012	$ 3	$ 212,244	$ (101)	$ 1,523,688	$ 274,901	$ 2,010,735	$ 535	$ 2,011,270

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

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.

We announced on February 26, 2012 our preliminary unaudited results for the fourth quarter and the year ended December 31, 2012. These results included an accrual for royalties to a third party and related interest. Since that announcement, we have reviewed developments relating to those royalties and have increased the accrual for royalties and related interest. The consolidated financial statements included in this annual report on Form 10-K for the year ended December 31, 2012 reflect the increased accrual for royalties and interest, as well as the related impact on our provision for income taxes.

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, 2012 and 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 10).

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 allowance.

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 method is used to relieve inventory for products sold.

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 and capitalized software 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 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. They are determined 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. When we establish or reduce the valuation allowance against our deferred tax assets, our provision

for income taxes will increase or decrease, respectively, in the period that determination to change the valuation allowance is made.

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 the provision for income taxes.

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 revenue is recognized, a provision is recognized for estimated product returns. 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.

Reagent agreements are a diagnostic industry sales method that provides use of an instrument and consumables (reagents) to a customer on a per test basis. We evaluate our reagent agreements and account for these contracts under the guidance pertaining to accounting for revenue arrangements with multiple deliverables. Our reagent agreements represent one unit of accounting as the instrument and consumables are interdependent in producing a diagnostic result that neither has a stand-alone value with respect to these agreements. All revenues that we earn under our reagent agreements are recognized pursuant to the terms of each agreement and are based and entirely contingent upon either (i) when the consumables to conduct a fixed number of tests are delivered or (ii) as reported by the customer on a per test basis.

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, mostly 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):

	2012	2011
January 1	$ 16.4	$ 18.3
Provision for warranty	19.8	21.1
Actual warranty costs	(19.8)	(23.0)
December 31	$ 16.4	$ 16.4

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.

Foreign Currency

Balance sheet accounts of international subsidiaries are translated at the current exchange rates as of the end of each 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 denominated primarily in 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 a third party represents 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 9.

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,		
	2012	2011	2010
Basic weighted average shares outstanding	28,290	28,031	27,665
Effect of potentially dilutive stock options and restricted stock awards	352	437	486
Diluted weighted average common shares	28,642	28,468	28,151
Anti-dilutive shares excluded from the computation of diluted EPS	83	63	114

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 March 2013, the Financial Accounting Standards Board (FASB) issued guidance in regard to a parent's accounting upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This guidance specifies that a cumulative translation adjustment (CTA) should be released into earnings when an entity ceases to have a controlling financial interest in a subsidiary or group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro rata portion of CTA attributable to the investment would be recognized in earnings upon sale of the investment. When an entity sells either a part or all of its investment in a consolidated foreign entity, CTA would be recognized in earnings only if the sale results in the parent no longer having a controlling financial interest in the foreign entity. CTA would be recognized in earnings in a business combination achieved in stages (i.e., a step acquisition). This guidance will be effective prospectively for annual and interim reporting periods beginning after December 15, 2013. We do not expect that the adoption of this guidance will have a material impact on our consolidated financial statements.

In July 2012, the FASB issued guidance in regard to testing indefinite-lived intangible assets for impairment. The new guidance provides entities the option of performing a "qualitative" assessment to determine whether the

existence of events and circumstances indicates that it is more likely than not that the indefinite-lived asset is impaired and hence if further testing is necessary. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This guidance was effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012 and is not expected to 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. We adopted this guidance using the two separate but consecutive statements as of January 1, 2012. In February 2013, the FASB issued guidance requiring that companies present either in a single note or parenthetically on the face of the financial statements, the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. If a component is not required to be reclassified to net income in its entirety, companies would instead cross reference to the related footnote for additional information. This guidance was effective for annual and interim reporting periods beginning after December 15, 2012.

In May 2011, the 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). We adopted this guidance as of January 1, 2012 and it did not have a material impact on our results of operations or financial position.

2. ACQUISITIONS

In August 2012, we acquired from Propel Labs, Inc. a new cell sorting system, an automated, easy-to-use benchtop cell sorting flow cytometer. The new system will be sold exclusively under the Bio-Rad brand as the S3™ Cell Sorter. This asset acquisition was accounted for as a business combination as the new cell sorting system represented an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return and therefore constitutes a business in accordance with GAAP. The amount of acquisition-related cost was minimal as Bio-Rad primarily represented itself during the acquisition process. This business acquisition is included in our Life Science segment's results of operations from the acquisition date.

The fair value of the consideration as of the acquisition date was $49.6 million, which included $5.0 million paid in cash at the closing date and $44.6 million in contingent consideration potentially payable to Propel Labs' shareholders. The contingent consideration was based on a probability-weighted income approach related to the achievement of certain development and sales milestones. The contingent consideration for the development milestones was valued at $19.9 million, based on assumptions regarding the probability of achieving the milestones, with such amounts discounted to present value. The contingent consideration for the sales milestones was valued at $24.7 million, based on a statistically significant number of simulations for each potential outcome. The contingent consideration was recognized at its estimated fair value of $44.6 million as of December 31, 2012. (See Note 3 for further discussion of the contingent consideration valuation and underlying assumptions.)

The fair values of the net assets acquired from Propel Labs, Inc. as of the acquisition date were determined to be $17.4 million of goodwill, $32.1 million of definite-lived intangible assets and $0.1 million of net tangible assets. We expect the goodwill recorded to be deductible for income tax purposes. The acquired cell sorting system fits well into Bio-Rad's existing Life Science segment product offerings and may offer researchers greater access to this technology.

In July 2012, we acquired all of the outstanding shares of DiaMed Benelux for 4.6 million Euros (approximately $5.6 million) in cash. This acquisition was accounted for as a business combination as DiaMed Benelux represented an integrated set of activities and assets that was capable of being conducted and managed for the

purpose of providing a return and therefore constitutes a business in accordance with GAAP. The amount of acquisition-related cost was minimal as Bio-Rad primarily represented itself during the acquisition process. This business acquisition is included in our Clinical Diagnostics segment's results of operations from the acquisition date.

We acquired net tangible liabilities with a fair value of $2.3 million and the fair values of the assets acquired as of the acquisition date were determined to be $3.0 million of goodwill and $4.9 million of definite-lived intangible assets. The goodwill recorded will not be deductible for income tax purposes. DiaMed Benelux became the exclusive distributor of certain Bio-Rad immunohematology products in the Benelux market as a result of our 2007 acquisition of DiaMed Holding AG. This distributor acquisition is consistent with our stated objective to control the distribution of our own products and services.

In January 2012, we purchased, for cash, certain assets from a raw material supplier for approximately $12.5 million. This asset acquisition was accounted for as a business combination as the certain assets acquired represented an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return and therefore constitutes a business in accordance with GAAP. The amount of acquisition-related cost was minimal as Bio-Rad primarily represented itself during the acquisition process. This business acquisition is included in the Clinical Diagnostics segment's results of operations from the acquisition date. The fair value of the assets acquired at the acquisition date was determined to be $6.3 million of net tangible assets, $5.1 million of intangible assets and $1.1 million of goodwill. We expect the goodwill recorded to be deductible for income tax purposes. In addition, we paid $2.0 million for employment agreements as an incentive to certain employees of the acquired business to remain with Bio-Rad. Such amount will be expensed over the next two years and is recorded in Prepaid expenses, taxes and other current assets and Other assets in our Consolidated Balance Sheet. 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.

We do not consider any of these business combinations in 2012, individually, or when aggregated, to be material and therefore have not disclosed the pro forma results of operations as required for material business combinations.

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 was 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 initially recognized at its estimated fair value of $24.1 million at October 4, 2011, based on a probability-weighted income approach that would reach $48 million upon the achievement of all 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 statistically significant number of simulations for each potential outcome. (See Note 3 for further discussion of the contingent consideration valuation and underlying assumptions.) 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.

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. During the second quarter of 2012, we finalized the determination of fair value for certain acquired tax attributes and adjusted the preliminary carrying values of goodwill and certain other assets and liabilities in order to reflect final information received, resulting in an overall reduction of goodwill of $0.6 million. These measurement period adjustments had no impact on our results of operations for the year ended December 31, 2012.

The final fair values of the net assets acquired as of the acquisition date were determined to be $105.5 million of goodwill, $94.7 million of intangible assets and $20.8 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 portfolio of products for the amplification and study of DNA and we believe it will complement Bio-Rad's existing business.

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. DiaMed is included in our Clinical Diagnostics segment.

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, also included in our Clinical Diagnostics segment, 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.

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 in an orderly transaction between market participants at the measurement date. 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, 2012 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	$ —	$ 52.8	$ —	$ 52.8
Foreign time deposits	10.1	—	—	10.1
U.S. government sponsored agencies	—	1.3	—	1.3
Money market funds	5.5	—	—	5.5
Total cash equivalents	15.6	54.1	—	69.7
Available-for-sale investments (b):				
Corporate debt securities	—	240.6	—	240.6
Foreign brokered certificates of deposit	—	0.4	—	0.4
U.S. government sponsored agencies	—	92.7	—	92.7
Foreign government obligations	—	5.6	—	5.6
Municipal obligations	—	12.1	—	12.1
Marketable equity securities	242.1	—	—	242.1
Asset-backed securities	—	82.2	—	82.2
Total available-for-sale investments	242.1	433.6	—	675.7
Forward foreign exchange contracts (c)	—	1.1	—	1.1
Total financial assets carried at fair value	$ 257.7	$ 488.8	$ —	$ 746.5
Financial Liabilities Carried at Fair Value:				
Forward foreign exchange contracts (d)	$ —	$ 0.8	$ —	$ 0.8
Contingent consideration (e)	—	—	52.6	52.6
Total financial liabilities carried at fair value	$ —	$ 0.8	$ 52.6	$ 53.4

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
Foreign 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
Foreign 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

(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, 2012	December 31, 2011
Short-term investments	$ 457.7	$ 238.8
Other assets	218.0	127.2
Total	$ 675.7	$ 366.0

(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, 2012	December 31, 2011
Other current liabilities	$ 27.3	$ 8.5
Other long-term liabilities	25.3	15.6
Total	$ 52.6	$ 24.1

During the fourth quarter of 2011, we recognized a contingent consideration liability upon our acquisition of QuantaLife, related to potential future payments due upon the achievement of certain sales and development milestones. The contingent consideration was initially recognized at its estimated fair value of $24.1 million, based on a probability-weighted income approach. The contingent consideration was recognized at its estimated fair value of $8.0 million and $24.1 million as of December 31, 2012 and 2011, respectively. At October 4, 2011, the contingent consideration could have originally reached a maximum of $48 million upon the achievement of all sales milestones and a development milestone. As of December 31, 2012, the first three short-term sales milestones were not met and therefore the contingent consideration can now only reach a maximum of $37 million upon the achievement of all the remaining sales and development milestones. The development milestone was met as of December 31, 2012, resulting in a payment of $6 million in January 2013.

During the third quarter of 2012, we recognized a contingent consideration liability upon our acquisition of a new cell sorting system from Propel Labs, Inc. The contingent consideration was recognized at its estimated fair value of $44.6 million as of December 31, 2012, based on a probability-weighted income approach related to the achievement of certain development and sales milestones valued at $19.9 million and $24.7 million, respectively. The development milestone could potentially reach a maximum of $20 million, which we consider the probability to be more than likely of achieving the milestones. This form of payment guarantees that the seller transitions the manufacturing of the product to Bio-Rad. The sales milestone could potentially range from $0 to a maximum of 60.0%, 56.7% and 54.4% of annual cell sorting system purchase orders, and payment to occur upon the anniversary of the completion of a certain number of cell sorting systems for three consecutive years, respectively. These maximum payout ratios begin at annual cell sorting system purchase orders in excess of $20 million, $30 million and $45 million for the three consecutive years, respectively.

The following table provides a reconciliation of the Level 3 contingent consideration liabilities measured at fair value based on third party valuations for the year ended December 31, 2012 (in millions):

	2012
January 1	$ 24.1
Decrease in fair value of contingent consideration for QuantaLife included in Selling, general and administrative expense	(16.1)
Total QuantaLife	8.0
Acquisition of cell sorting system	44.6
December 31	$ 52.6

The decrease in the contingent consideration liability for QuantaLife was primarily due to not achieving the first three short-term sales milestones as a result of recent weakening in funding to the research and development markets and a longer sales cycle for this new technology, causing a revision in sales forecasts for the remaining sales milestone contractual period ending in March 2014.

The following table provides quantitative information about Level 3 inputs for fair value measurement of our contingent consideration liabilities as of December 31, 2012. Significant increases or decreases in these inputs in isolation could result in a significantly lower or higher fair value measurement.

	Valuation Technique	Unobservable Input	Range	
			From	To
QuantaLife	Probability-weighted income approach	Sales milestone:		
		Credit adjusted discount rates	0.64%	1.03%
		Projected volatility of growth rate	12.4%	30%
		Market price of risk	0.4%	N/A
Cell sorting system	Probability-weighted income approach	Sales milestone:		
		Credit adjusted discount rates	1.0%	1.7%
		Projected volatility of sales	18.0%	
		Market price of risk	1.4%	N/A
		Development milestone:		
		Probability	99%	100%
		Risk-adjusted discount rate	0.8%	1.0%

To estimate the fair value of Level 2 debt securities as of December 31, 2012 and 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, our pricing service 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 predetermined 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.

As of December 31, 2012, our primary pricing service inputs for Level 2 U.S. government sponsored agencies, municipal obligations, corporate and foreign government bonds, asset-backed securities and related cash equivalents 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, 2012, our primary pricing service inputs for Level 2 corporate debt securities (commercial paper), bank deposits and related cash equivalents consisted of dynamic and static security characteristics information obtained from several independent sources of security data. 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 utilizing 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, 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 sources of security data. 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.

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

	December 31, 2012			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Short-term investments:				
Corporate debt securities	$ 239.3	$ 1.4	$ (0.1)	$ 240.6
Foreign brokered certificates of deposit	0.4	—	—	0.4
Municipal obligations	12.0	0.1	—	12.1
Asset-backed securities	81.6	0.4	(0.1)	81.9
U.S. government sponsored agencies	92.5	0.3	(0.1)	92.7
Foreign government obligations	5.4	—	—	5.4
Marketable equity securities	24.1	0.7	(0.2)	24.6
	455.3	2.9	(0.5)	457.7
Long-term investments:				
Marketable equity securities	54.5	163.0	—	217.5
Asset-backed securities	0.4	—	(0.1)	0.3
Foreign government obligations	0.2	—	—	0.2
	55.1	163.0	(0.1)	218.0
Total	$ 510.4	$ 165.9	$ (0.6)	$ 675.7

	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
Foreign 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

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

	December 31, 2012	December 31, 2011
Fair value	$ 99.3	$ 77.8
Gross unrealized losses for investments in a loss position 12 months or more	$ 0.1	$ 0.4
Gross unrealized losses for investments in a loss position less than 12 months	$ 0.5	$ 0.8

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, 2012 or at December 31, 2011.

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 denominated primarily in currencies of industrial countries, are recorded at their fair value at each balance sheet date. The notional principal amounts provide one measure of the transaction volume outstanding as of December 31, 2012 and do not represent the amount of Bio-Rad's exposure to loss. The estimated 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 included in 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

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

	December 31, 2012
Contracts maturing in January through March 2013 to sell foreign currency:	
Notional value	$ 67.2
Unrealized loss	$ (0.2)
Contracts maturing in January through March 2013 to purchase foreign currency:	
Notional value	$ 389.1
Unrealized gain	$ 0.4

The following is a summary of the amortized cost and estimated fair value of our debt securities at December 31, 2012 by contractual maturity date (in millions):

	Amortized Cost	Estimated Fair Value
Mature in less than one year	$ 159.2	$ 159.3
Mature in one to five years	204.8	205.6
Mature in more than five years	67.8	68.7
Total	$ 431.8	$ 433.6

The estimated fair value of financial instruments in the table below has been determined using quoted prices in active markets for identical instruments or other significant observable inputs, including quoted prices in active markets for similar instruments. 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, excluding leases and current maturities, has an estimated fair value based on quoted market prices for the same or similar issues.

The estimated fair value of our financial instruments and the level of the fair value hierarchy within which the fair value measurement is categorized are as follows (in millions):

	December 31, 2012			December 31, 2011		
	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy Level	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy Level
Other assets	$ 293.6	$ 497.8	1	$ 186.6	$ 252.4	1
Total long-term debt, excluding leases and current maturities	$ 720.0	$ 778.4	2	$ 719.1	$ 759.1	2

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, 2012. 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):

	2012			2011		
	Life Science	Clinical Diagnostics	Total	Life Science	Clinical Diagnostics	Total
Balances as of January 1:						
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
Acquisitions	17.4	4.1	21.5	106.1	—	106.1
Purchase adjustment	(0.6)	—	(0.6)	—	—	—
Goodwill written off related to excess property	—	(1.0)	(1.0)	—	—	—
Currency fluctuations	—	6.6	6.6	—	(1.2)	(1.2)
Balances as of December 31:						
Goodwill	193.6	330.0	523.6	176.8	319.3	496.1
Accumulated impairment losses and write-offs	(27.2)	(1.0)	(28.2)	(27.2)	—	(27.2)
Goodwill, net	$ 166.4	$ 329.0	$ 495.4	$ 149.6	$ 319.3	$ 468.9

In December 2012, we sold a building for $6.4 million in our Clinical Diagnostics segment that was associated with a 1999 acquisition. We recognized a gain on the sale of $4.3 million and a portion of the goodwill recorded in a 1999 acquisition was written off of $1.0 million.

In conjunction with the purchase of certain assets from Propel Labs, Inc. in our Life Science segment in August 2012, we recorded $17.4 million of goodwill and $32.1 million of definite-lived intangible assets: $27.3 million of developed product technology, $4.7 million of covenants not to compete and $0.1 million of other intangible assets.

In conjunction with the acquisition of 100% of the outstanding shares of DiaMed Benelux in our Clinical Diagnostics segment in July 2012, we recorded $3.0 million of goodwill and $4.9 million of definite-lived intangible assets: $3.8 million of customer relationships/lists and $1.1 million of tradenames.

In conjunction with the acquisition of certain assets from a raw material supplier in our Clinical Diagnostics segment in January 2012, we recorded $1.1 million of goodwill and $5.1 million of definite-lived intangible assets considered developed product technology.

As part of the acquisition of QuantaLife in our Life Science segment in October 2011, we recorded $105.5 million of goodwill and $94.7 million of definite-lived intangible assets considered know how.

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, 2012			
	Average Remaining Life (years)	Purchase Price	Accumulated Amortization	Net Carrying Amount
Customer relationships/lists	1-12	$ 102.8	$ (38.4)	$ 64.4
Know how	1-13	189.3	(67.1)	122.2
Developed product technology	1-10	74.6	(25.1)	49.5
Licenses	1-8	35.6	(18.7)	16.9
Tradenames	1-10	7.4	(4.3)	3.1
Covenants not to compete	1-10	4.9	(0.2)	4.7
Other	1	0.1	—	0.1
		$ 414.7	$ (153.8)	$ 260.9

	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

No material impairment losses related to intangible assets were recorded in 2012 or 2011.

Amortization expense related to purchased intangible assets for the years ended December 31, 2012, 2011 and 2010 was $42.8 million, $39.1 million and 33.7 million, respectively. Estimated future amortization expense (based on existing intangible assets) for the years ending December 31, 2013, 2014, 2015, 2016 and 2017 is $40.9 million, $38.2 million, $35.3 million, $31.9 million and $23.4 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 $27.9 million and $23.8 million was unused at December 31, 2012. At December 31, 2011, these lines aggregated approximately $21.9 million, of which $17.5 million was unused. The weighted average interest rate on these lines was 3.2% and 2.7% at December 31, 2012 and 2011, respectively. Bio-Rad guaranteed most of these credit lines.

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

	December 31, 2012	December 31, 2011
8.0% Senior Subordinated Notes due 2016	$ 296.9	$ 296.3
4.875% Senior Notes due 2020	423.0	422.8
Capital leases and other debt	12.7	13.2
	732.6	732.3
Less current maturities	(0.2)	(0.6)
Long-term debt	$ 732.4	$ 731.7

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 below) in January 2011.

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 of $2.8 million, which is included in Interest expense in our Consolidated Statements of Income.

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 of $4.1 million, 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, 2012 or 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, 2012.

Maturities of long-term debt at December 31, 2012 are as follows: 2013 - $0.2 million; 2014 - $0.2 million; 2015 - $0.2 million; 2016 - $297.1 million; 2017 - $0.2 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,		
	2012	2011	2010
U.S.	$ 108.5	$ 110.6	$ 79.5
International	114.4	125.2	140.8
Income before taxes	$ 222.9	$ 235.8	$ 220.3

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

	Year Ended December 31,		
	2012	2011	2010
Current tax expense (benefit):			
U.S. Federal	$ 34.0	$ 28.6	$ (5.1)
State	4.0	3.4	3.9
International	32.1	35.8	35.2
Current tax expense	70.1	67.8	34.0
Deferred tax (benefit) expense:			
U.S. Federal	(3.1)	6.7	5.9
State	(0.9)	0.4	0.2
International	(6.3)	(9.1)	(10.2)
Deferred tax benefit	(10.3)	(2.0)	(4.1)
Non-current tax (benefit) expense	(0.7)	(8.1)	3.4
Provision for income taxes	$ 59.1	$ 57.7	$ 33.3

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

	Year Ended December 31,		
	2012	2011	2010
U. S. statutory tax rate	35%	35%	35%
Impact of foreign operations	(3)	(4)	(6)
Research tax credits	(2)	(4)	(4)
Tax settlements and adjustments to unrecognized tax benefits	—	(3)	2
Repatriation of foreign earnings	—	—	(10)
Contingent consideration	(3)	—	—
Other	—	—	(2)
Provision for income taxes	27%	24%	15%

The effective tax rate for 2012 reflected a tax benefit related to an adjustment to the fair value of the QuantaLife contingent consideration. The effective tax rate for 2012 does not include tax benefits from the U.S. federal tax research credits because the law extending this credit was not enacted until 2013. The effective tax rate for 2011 reflected tax benefits from nontaxable dividend income and the release of tax liabilities. The lower effective tax rate in 2010 was due to a $22.0 million foreign tax credit benefit related to a $164.0 million distribution from our foreign affiliates to the U.S.

The effective tax rates for all three periods were lower than the U.S. statutory rate primarily due to tax benefits from differences between U.S. and foreign statutory tax rates, and research and development tax credits. Our foreign income is earned primarily in France and Switzerland. Switzerland's statutory tax rate is significantly lower than our U.S. statutory tax rate of 35%. Our effective tax rates are also significantly reduced by French tax incentives related to our research and development activities.

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.

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, 2012	2011
Deferred tax assets:		
Bad debt, inventory and warranty accruals	$ 24.1	$ 24.7
Other post-employment benefits, vacation and other reserves	26.5	16.6
Tax credit and net operating loss carryforwards	62.1	64.2
Other	18.3	17.2
Valuation allowance	(52.9)	(48.9)
	78.1	73.8
Deferred tax liabilities:		
Depreciation	8.6	13.5
Basis of capital assets and investments	119.3	86.3
	127.9	99.8
Net deferred tax liabilities	$ (49.8)	$ (26.0)

At December 31, 2012, Bio-Rad's international subsidiaries had combined net operating loss carryforwards of $99.6 million. Of these loss carryforwards, $97.7 million have no expiration date. We believe that it is more likely than not that the benefit from most of these net operating loss carryforwards will not be realized. We have provided a valuation allowance of $25.6 million relating to these net operating loss carryforwards.

At December 31, 2012, Bio-Rad had U.S. Federal net operating loss carryforwards of approximately $36 million as a result of acquisitions. These carryforwards are subject to limitation on their utilization and will expire between 2018 and 2030. At December 31, 2012, Bio-Rad had U.S. Federal research tax credit carryforwards of $1.5 million, which are subject to limitations on their utilization.

At December 31, 2012, Bio-Rad had approximately $53 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, 2012, Bio-Rad had a deferred tax asset of $17.2 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, 2012 will be recognized as a reduction of income tax expense.

The following table summarizes at December 31, 2012 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.	2009-2012
Canada	2007-2012
France	2008-2012
Germany	2008-2012
Italy	2008-2012
Japan	2009-2012
Switzerland	2010-2012

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

	2012	2011	2010
Unrecognized tax benefits – January 1	$ 12.9	$ 20.6	$ 17.5
Additions to tax positions related to prior years	1.3	1.2	4.1
Reductions to tax positions related to prior years	(1.1)	(0.4)	(0.1)
Additions to tax positions related to the current year	2.2	2.1	3.3
Settlements	—	(5.2)	(0.1)
Lapse of statute of limitations	(3.0)	(5.1)	(4.1)
Acquisitions	2.2	—	—
Currency translation	—	(0.3)	—
Unrecognized tax benefits – December 31	$ 14.5	$ 12.9	$ 20.6

Substantially all our unrecognized tax benefits at December 31, 2012, 2011 and 2010 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 $2.0 million and $2.1 million as of December 31, 2012 and 2011, respectively.

At December 31, 2012, we believe that it is reasonably possible that $3.7 million of our unrecognized tax benefits may be recognized by the end of 2013 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, 2012, Bio-Rad had not made a provision for U.S. or additional foreign withholding taxes on approximately $484 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 $102 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 founders of Bio-Rad, 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.

Treasury Shares

The Board of Directors has authorized the repurchase of up to $18.0 million of Bio-Rad's common stock, of which $3.3 million has yet to be repurchased in the open market as of December 31, 2012. The Amended and Restated Credit Agreement (Credit Agreement) and the indenture governing our 8.0% Senior Subordinated Notes due 2016

limit our ability to repurchase our stock. In accordance with the terms of awards under the 2007 Incentive Award Plan, in June 2012, we withheld 122 shares of our Class A common stock and 917 shares of our Class B common stock to satisfy the minimum statutory tax obligations due upon the vesting of restricted stock of certain of our employees, which is considered a repurchase of our stock. We had no other repurchases of our stock during 2012 or 2011. In 2013, we estimate repurchasing approximately 1,000 shares to satisfy tax obligations due upon the vesting of restricted stock of certain of our employees.

8. *ACCUMULATED OTHER COMPREHENSIVE INCOME*

Accumulated other comprehensive income included in our Consolidated Balance Sheets and Consolidated Statements of Changes in Stockholders' Equity consists of the following components, all net of income taxes (in millions):

	December 31, 2012	December 31, 2011
Foreign currency translation adjustments	$ 173.1	$ 149.0
Other post-employment benefits adjustments	(8.1)	0.2
Net unrealized holding gains on available-for-sale investments	109.7	49.3
Total Accumulated other comprehensive income	274.7	198.5
Noncontrolling interests Accumulated other comprehensive loss	0.2	0.2
Bio-Rad Accumulated other comprehensive income	$ 274.9	$ 198.7

9. 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, restricted stock units, 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. Since 2007, all share-based compensation grants have been from the 2007 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, 2012, there were 653,015 shares available to be granted in the future.

Under the above 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) and our 2011 Employee Stock Purchase Plan (2011 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. As of January 1, 2012, we no longer issue shares from the 1988 ESPP.

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. We have authorized the sale of 600,000 shares of Class A common stock under the 2011 ESPP.

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 2012, 2011 and 2010, we recognized share-based compensation expense of $13.2 million, $10.7 million and $10.2 million, respectively. We did not capitalize any share-based compensation expense in inventory.

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, 2010	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		
Granted	55,250	$ 107.32		
Exercised	(181,707)	$ 44.66		
Forfeited/expired	(15,000)	$ 87.78		
Outstanding, December 31, 2012	747,293	$ 70.83	4.32	$ 25.7
Vested and expected to vest, December 31, 2012	732,875	$ 70.28	4.23	$ 25.6
Exercisable, December 31, 2012	584,943	$ 64.06	3.20	$ 24.0

The following summarizes information about stock options outstanding at December 31, 2012:

	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
$ 35.50 - $ 56.40	202,473	1.42	$ 53.69	202,473	$ 53.69
$ 57.49 - $ 63.00	225,870	2.92	$ 61.20	225,870	$ 61.20
$ 74.27 - $ 88.48	210,200	6.05	$ 80.82	145,900	$ 80.29
$ 98.04 - $107.32	108,750	9.28	$ 103.44	10,700	$ 99.44
Totals	747,293			584,943	

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 2012, 2011 and 2010 was approximately $11 million, $14 million and $13 million, respectively. The total fair value of options vested during 2012, 2011 and 2010 was $2.3 million, $3.3 million and $4.2 million, respectively.

Cash received from stock options exercised during 2012, 2011 and 2010 was $8.1 million, $9.4 million and $5.4 million, respectively. The actual tax benefit realized for the tax deductions from stock options exercised totaled $6.5 million, $6.0 million and $5.0 million in 2012, 2011 and 2010, respectively.

As of December 31, 2012, there was $5.7 million of total unrecognized compensation cost from stock options. This amount 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,		
	2012	2011	2010
Expected volatility	30%	32%	35%
Risk-free interest rate	1.53%	1.71%	2.40%
Expected life (in years)	9.0	8.6	8.7
Expected dividend	—	—	—
Weighted-average fair value of options granted	$ 41.82	$ 40.81	$ 38.19

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,					
	2012		2011		2010	
	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	39,629	$ 84.07	68,893	$ 83.21	101,247	$ 82.86
Vested	(25,124)	$ 81.98	(26,179)	$ 81.98	(28,518)	$ 81.94
Cancelled/forfeited	(1,548)	$ 84.20	(3,085)	$ 82.63	(3,836)	$ 83.47
Nonvested shares, at end of year	12,957	$ 88.09	39,629	$ 84.07	68,893	$ 83.21

As of December 31, 2012, there was approximately $0.5 million of total unrecognized compensation cost related to restricted stock awards. This amount is expected to be recognized over a remaining weighted-average period of less than 1 year.

Restricted Stock Units

Restricted stock units, which are rights to receive shares of company stock, were granted from 2007 through 2012 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, 2012 (in millions)
Outstanding, January 1, 2010	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		
Granted	138,840	$ 107.32		
Vested	(75,466)	$ 85.52		
Forfeited	(14,235)	$ 89.31		
Outstanding, December 31, 2012	348,501	$ 96.45	2.17	$ 36.6

As of December 31, 2012, there was approximately $26.6 million of total unrecognized compensation cost related to restricted stock units. This amount 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 2011 ESPP and the 1988 ESPP was estimated using a Black-Scholes model with the following weighted-average assumptions:

	Year Ended December 31,		
	2012	2011	2010
Expected volatility	27%	20%	23%
Risk-free interest rate	0.07%	0.06%	0.15%
Expected life (in years)	0.25	0.25	0.25
Expected dividend	—	—	—
Weighted-average fair value of purchase rights	$20.70	$20.35	$18.27

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 107,749 shares for $9.2 million, 96,362 shares for $8.1 million and 96,586 shares for $7.4 million under the 2011 ESPP and 1988 ESPP to employees in 2012, 2011 and 2010, respectively. At December 31, 2012, 492,251 shares remain authorized and available for issuance under the 2011 ESPP.

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

10. OTHER INCOME AND EXPENSE, NET

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

	Year Ended December 31,		
	2012	2011	2010
Interest and investment income	$ (11.4)	$ (8.2)	$ (5.2)
Net realized gains on investments	(8.7)	(0.7)	(0.6)
Other-than-temporary impairment losses on investments	1.0	2.1	0.2
(Gains) losses on sale of property, plant and equipment	(3.8)	0.2	0.5
Miscellaneous other expense (income) items, net	1.0	(1.0)	1.2
Other (income) expense, net	$ (21.9)	$ (7.6)	$ (3.9)

Other-than-temporary impairment losses on investments were recorded in 2012, 2011 and 2010 on certain of our available-for-sale investments in light of the continuing declines in their market prices at that time, primarily associated with our investment in a sovereign nation with large deficits and our decision to sell holdings in a particular adviser account.

In December 2012, we sold a building for $6.4 million in our Clinical Diagnostics segment that was associated with a 1999 acquisition. We recognized a gain on the sale of $4.3 million and a portion of goodwill recorded in a 1999 acquisition was written off of $1.0 million.

11. 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,		
	2012	2011	2010
Net income including noncontrolling interests	$ 163.8	$ 178.0	$ 186.9
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities (net of effects of acquisitions):			
Depreciation and amortization	130.4	121.0	108.9
Share-based compensation	13.2	10.7	10.2
Foreign currency economic hedges, net	2.9	(2.9)	(3.2)
(Gains) losses on dispositions of securities	(7.6)	1.5	(0.5)
(Gains) losses on dispositions of fixed assets	(4.8)	0.2	0.5
Excess tax benefits from share-based compensation	(2.9)	(3.2)	(2.9)
Changes in fair value of contingent consideration	(16.1)	—	—
Decrease (increase) in accounts receivable, net	4.4	(20.1)	(37.0)
Increase in inventories, net	(2.2)	(44.0)	(15.9)
(Increase) decrease in other current assets	(6.7)	0.8	(9.3)
Increase (decrease) in accounts payable and other current liabilities	19.0	(6.6)	9.1
(Decrease) increase in income taxes payable	(17.3)	15.3	(19.3)
Decrease in deferred income taxes	(10.3)	(1.6)	(6.5)
Write-off of goodwill	1.0	—	—
Other	12.1	10.7	4.9
Net cash provided by operating activities	$ 278.9	$ 259.8	$ 225.9
Non-cash investing activities:			
Purchased marketable securities and investments	$ 1.6	$ 11.6	$ —

12. COMMITMENTS AND CONTINGENT LIABILITIES

Rents and Leases

Net rental expense under operating leases was $41.4 million, $42.4 million and $38.3 million in 2012, 2011 and 2010, respectively. Leases are principally for facilities and automobiles.

Annual future minimum lease payments at December 31, 2012 under operating leases are as follows: 2013 - $35.3 million; 2014 - $30.8 million; 2015 - $23.2 million; 2016 - $18.9 million; and 2017 and beyond - $58.0 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, $12.1 million and $12.2 million in 2012, 2011 and 2010, 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, 2012 and 2011 was $39.5 million and $30.7 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, 2012, we had purchase obligations of $65.5 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.

The annual future fixed and determinable portion of our purchase obligations as of December 31, 2012 are as follows: 2013 - $56.0 million and 2014 to 2015 - $9.5 million.

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 $11.6 million of standby letters of credit with banks as of December 31, 2012.

Contingent Consideration

During the fourth quarter of 2011, we recognized a contingent consideration liability upon our acquisition of QuantaLife, related to potential future payments due upon the achievement of certain sales and development milestones. The contingent consideration was initially recognized at its estimated fair value of $24.1 million, based on a probability-weighted income approach. The contingent consideration was recognized at its estimated fair value of $8.0 million and $24.1 million as of December 31, 2012 and 2011, respectively. At October 4, 2011, the contingent consideration could have originally reached a maximum of $48 million upon the achievement of all sales milestones and a development milestone. As of December 31, 2012, the first three short-term sales milestones were not met and therefore the contingent consideration can now only reach a maximum of $37 million upon the achievement of all the remaining sales and development milestones. The development milestone was met as of December 31, 2012, resulting in a payment of $6 million in January 2013.

During the third quarter of 2012, we recognized a contingent consideration liability upon our acquisition of a new cell sorting system from Propel Labs, Inc. The contingent consideration was recognized at its estimated fair value of $44.6 million as of December 31, 2012, based on a probability-weighted income approach related to the achievement of certain development and sales milestones valued at $19.9 million and $24.7 million, respectively. The development milestone could potentially reach a maximum of $20 million, which we consider the probability to be more than likely of achieving the milestones. This form of payment guarantees that the seller transitions the manufacturing of the product to Bio-Rad. The sales milestone could potentially range from $0 to a maximum of 60.0%, 56.7% and 54.4% of annual cell sorting system purchase orders, and payment to occur upon the anniversary of the completion of a certain number of cell sorting systems for three consecutive years, respectively. These maximum payout ratios begin at annual cell sorting system purchase orders in excess of $20 million, $30 million and $45 million for the three consecutive years, respectively.

Concentrations of Labor Subject to Collective Bargaining Agreements

At December 31, 2012, approximately seven percent of Bio-Rad's approximately 2,975 U.S. employees are covered by a collective bargaining agreement, which will expire on November 7, 2016. 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.

Royalty Contingency

We license certain technologies from a particular third party. In connection with an audit of our royalty obligations under those licenses, the third party has proposed that we owe an additional $30.2 million in unpaid royalties. While we disagree as to the amount of royalties that are owed, we are in discussions with the third party to resolve the claims related to unpaid royalties, as well as to enter into other license agreements with the third party relating to our respective technologies. We have recorded an accrued liability for this matter that reflects an amount within the range of possible outcomes that is our best estimate of the amount we expect to pay to settle the claims related to past royalties as part of an overall settlement. The ultimate resolution of these matters, however, may result in a loss in excess of the amount we have accrued as of December 31, 2012.

13. LEGAL PROCEEDINGS

Based on an internal investigation, we 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) assumed direct responsibility for reviewing these matters and hired experienced independent counsel to conduct an investigation and provide legal advice. We provided additional information to the DOJ and the SEC as the Audit Committee's investigation progressed. We continue to cooperate with the DOJ and SEC investigations and to provide information to them. The Audit Committee has determined to continue its investigation based on matters that arose in connection with an assessment of our accrual for royalties payable by us under certain patent licenses from a third party.

The DOJ and SEC investigations are also continuing and we are presently unable to predict the duration, scope or results of these investigations 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 additional time to file an amended complaint. The court denied our motion to stay this matter because it dismissed the complaint. The parties have agreed to a stipulated dismissal of this case, without prejudice, and to a tolling of the statute of limitations pending the resolution of the DOJ and SEC investigations.

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.

14. 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 more than 8,000 different products and services and require different marketing strategies. We do not disclose quantitative information about our different products and services as it is impractical to do so based primarily on the numerous products and services that we sell and the global markets that we serve.

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.

Segment results are presented in the same manner as we present our operations internally to make operating decisions and assess performance. The accounting policies of the segments are the same as those described in Significant Accounting Policies (see Note 1). Segment profit or loss includes an allocation of corporate expense based upon sales and an allocation of interest expense based upon accounts receivable and inventories. 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. 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, 2012, 2011, and 2010 and for the years then ended is as follows (in millions):

		Life Science	Clinical Diagnostics	Other Operations
Segment net sales	2012	$ 688.4	$ 1,365.5	$ 15.3
	2011	694.7	1,363.8	15.0
	2010	648.1	1,265.3	13.7
Allocated interest expense	2012	$ 13.1	$ 37.8	$ 0.2
	2011	14.0	38.9	0.2
	2010	17.1	46.4	0.2
Depreciation and amortization	2012	$ 26.3	$ 92.9	$ 0.1
	2011	17.3	93.2	0.2
	2010	15.0	84.9	0.2
Segment profit	2012	$ 11.4	$ 197.8	$ 1.6
	2011	45.7	197.9	1.2
	2010	51.1	171.4	1.4
Segment assets	2012	$ 353.1	$ 917.0	$ 4.4
	2011	357.4	854.8	5.7
Capital expenditures	2012	$ 17.3	$ 76.8	$ 0.1
	2011	15.4	71.6	—

Net corporate operating expense consists of receipts and expenditures that are not the primary responsibility of segment operating management and therefore are not allocated to the segments for performance assessment by our chief operating decision maker. The following reconciles total segment profit to consolidated income before taxes (in millions):

	Year Ended December 31,		
	2012	2011	2010
Total segment profit	$ 210.8	$ 244.8	$ 223.9
Foreign exchange losses	(5.0)	(13.8)	(3.9)
Net corporate operating, interest and other expense, net not allocated to segments	(4.8)	(2.8)	(3.6)
Other income (expense), net	21.9	7.6	3.9
Consolidated income before taxes	$ 222.9	$ 235.8	$ 220.3

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

	December 31,	
	2012	2011
Total segment assets	$ 1,274.5	$ 1,217.9
Cash and other current assets	1,092.0	968.2
Property, plant and equipment, net, excluding segment specific gross machinery and equipment	(4.2)	(27.3)
Goodwill, net	495.4	468.9
Other long-term assets	579.1	469.1
Total assets	$ 3,436.8	$ 3,096.8

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

	Year Ended December 31,		
	2012	2011	2010
Europe	$ 837.0	$ 896.4	$ 842.6
Pacific Rim	425.7	398.4	347.8
United States	656.7	631.0	600.5
Other (primarily Canada and Latin America)	149.8	147.7	136.2
Total net sales	$ 2,069.2	$ 2,073.5	$ 1,927.1

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

	December 31,	
	2012	2011
Europe	$ 199.1	$ 180.9
Pacific Rim	30.0	26.0
United States	487.8	338.7
Other (primarily Canada and Latin America)	18.1	13.4
Total Other assets and Property, plant and equipment, net	$ 735.0	$ 559.0

15. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data for 2012 and 2011 are as follows (in millions, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2012				
Net sales	$ 486.3	$ 510.4	$ 498.7	$ 573.8
Gross profit	278.6	287.9	273.5	314.1
Net income attributable to Bio-Rad	31.0	48.3	42.4	42.0
Basic earnings per share	$ 1.10	$ 1.71	$ 1.50	$ 1.48
Diluted earnings per share	$ 1.09	$ 1.69	$ 1.48	$ 1.46
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

During the first quarter of 2012, we identified an error in the consolidated financial statements for the years 2007 through 2011, related to a foreign supplemental tax associated with social benefits. We incorrectly interpreted and applied the local statutes to our circumstances. We accrued $6.1 million for these foreign supplemental taxes, including penalties and interest, during the first quarter of 2012, all of which has been paid. The foreign supplemental tax, and the related penalties and interest, were not deductible for income tax purposes, and as such this error did not have an impact on Bio-Rad's provision for income taxes.

We evaluated the materiality of the error from a qualitative and quantitative perspective. Based on such evaluation, we concluded that while the accumulation of the error was significant to the three-month period ended March 31, 2012, the correction was not material to any individual prior period or for the year ended December 31, 2012, nor did it have an effect on the trend of financial results, taking into account the requirements of the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108).

16. SUBSEQUENT EVENT

In January 2013, we acquired 100% of the outstanding shares of AbD Serotec, a division of MorphoSys AG, for approximately 53 million Euros (approximately $70 million) in cash. The acquisition will be included in our Life Science segment's results of operations from the acquisition date and will be accounted for as a business combination. The amount of acquisition-related cost was minimal as Bio-Rad primarily represented itself during the acquisition process. The goodwill to be recorded will not be deductible for income tax purposes. We are unable to complete the fair value of the net assets acquired, as more time is needed to complete the information transfer from the seller and include all information into a valuation of individual assets and liabilities. We believe that with AbD Serotec's comprehensive catalog of antibodies, we will be able to offer our customers total assay solutions that can be validated on many of our research platforms for western blotting, multiplex protein expression, ELISA and cell sorting.

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, although our disclosure controls and procedures were generally effective in timely alerting them to material information relating to us and our consolidated subsidiaries required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934, as amended (the Exchange Act), our disclosure controls and procedures were not effective at the reasonable assurance level due to a material weakness in our internal control over financial reporting (a "material weakness") as such term is defined in Rule 13a-15(f) under the Exchange Act. We describe that material weakness below.

We discovered the material weakness in connection with the assessment of the effectiveness of internal control over financial reporting and the preparation of our financial statements as of December 31, 2012. A material weakness is 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 the annual or interim financial statements will not be prevented or detected on a timely basis. The key elements constituting the material weakness were significant deficiencies in controls over our financial reporting as of December 31, 2012 with respect to our accounting close, revenue recognition, reagent rental and expenditure processes that, when aggregated, constitute a material weakness as of December 31, 2012. 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 "significant deficiency").

The four significant deficiencies that we identified in our internal control over financial reporting as of December 31, 2012 are as follows:

Inadequate Accounting Close Process including:

- Our failure to review and adjust a contingency accrual with respect to royalties owed to a third party in a timely manner;
- Inadequate supporting documentation for certain key transactions and account reconciliations at some of our foreign locations; and
- Our lack of adequate financial statement review at our German subsidiary.

Inadequate Revenue Recognition Process including:

- The unauthorized issuance of distributor contracts at our Chinese subsidiary;
- Our lack of controls over pricing and our ineffective methods of analyzing credit risk; and
- In some instances, the lack of sufficient documentation for the timing of revenue recognition.

Inadequate Reagent Rental Process at Certain of Our International Subsidiaries including:

- Our failure to provide management review of reagent rental agreements;

- Our failure to monitor ongoing compliance with agreement terms; and
- Our lack of timely reconciliations of our reagent rental equipment.

Inadequate Expenditure Controls at our German Subsidiary including:

- Our lack of compliance with controls for vendor management and transaction approvals; and
- Insufficient segregation of duties.

With the oversight of senior management and our audit committee, we have begun taking steps and plan to take additional measures to remediate the underlying causes of the material weakness, primarily through the development and implementation of improved controls, processes and procedures.

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, 2012.

Based on that evaluation and assessment, our management concluded that our internal control over financial reporting was not effective as of December 31, 2012 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, to the extent and for the reasons set forth below. Our management reviewed the results of its evaluation and assessment with our Audit Committee.

Management has identified four significant deficiencies in our internal control over financial reporting as of December 31, 2012 related to our accounting close, revenue recognition, reagent rental and expenditure processes that, when aggregated, constitute a material weakness in our internal control over financial reporting as of December 31, 2012.

Our conclusion that we have a material weakness in our internal control over financial reporting as of December 31, 2012 is not based on quantified misstatements in our historical consolidated financial statements or our consolidated financial statements as of and for our fiscal year ended December 31, 2012 but instead on the risk that we may be unable to prevent or detect on a timely basis potential material errors in our future financial statements.

We are also in the process of evaluating and expect to initiate actions intended to remediate these significant deficiencies and the resulting material weakness, including developing and implementing improved controls, processes and procedures.

We cannot assure you that we will be able to remediate these significant deficiencies and the resulting material weakness or that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. Any failure to maintain or implement new or improved internal controls, or any difficulties that we may encounter in their maintenance or implementation, could result in additional significant deficiencies or material weaknesses, 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.

Other than the changes discussed above, we identified no changes in our internal control over financial reporting that occurred during our fiscal quarter ended December 31, 2012 that have materially affected, or that are reasonably likely materially to affect, our internal control over financial reporting.

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, 2012, 2011 and 2010 and has issued an adverse attestation report on the effectiveness of Bio-Rad's internal control over financial reporting as of December 31, 2012, 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, 2012, 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.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified four significant deficiencies related to the accounting close, revenue recognition, reagent rental and expenditure processes that, when aggregated, represent a material weakness in internal control over financial reporting. 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, 2012 and 2011, and the related consolidated statements of income,

comprehensive income, cash flows, and changes in stockholders' equity, for each of the three years in the period ended December 31, 2012. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2012 consolidated financial statements, and this report does not affect our report dated March 18, 2013, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Bio-Rad Laboratories, Inc. has not maintained effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

/s/ Ernst & Young LLP

Redwood City, California
March 18, 2013

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 2013 annual meeting of stockholders (the "2013 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 2013 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 2013 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 2013 Proxy Statement under “Principal and Management Stockholders.”

Equity Compensation Plan Information as of December 31, 2012

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)	1,095,794	$ 48.30	1,145,266 (2)
Equity compensation plans not approved by security holders	—	—	—
Total	1,095,794	$ 48.30	1,145,266

(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, and the Bio-Rad Laboratories, Inc. 2011 Employee Stock Purchase Plan.

(2) Consists of 653,015 shares available under the Bio-Rad Laboratories, Inc. 2007 Incentive Award Plan and 492,251 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 2013 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 2013 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 of Part II of this report “Financial Statements and Supplementary Data" on page 35 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 84 through 87 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, 2012, 2011, and 2010
(in thousands)

Allowance for doubtful accounts receivable

	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Deductions	Balance at End of Year
2012	$ 33,259	$ 7,597	$ (11,654)	$ 29,202
2011	$ 25,052	$ 15,112	$ (6,905)	$ 33,259
2010	$ 23,100	$ 7,984	$ (6,032)	$ 25,052

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
2012	$ 48,926	$ 3,700	$ —	$ 230	$ 52,856
2011	$ 37,015	$ 6,356	$ —	$ 5,555	$ 48,926
2010	$ 37,926	$ (2,631)	$ —	$ 1,720	$ 37,015

(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/ Christine A. Tsingos
Christine A. Tsingos
Executive Vice President, Chief Financial Officer

Date: March 18, 2013

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	Chairman of the Board, President and Chief Executive Officer	March 18, 2013
(Norman Schwartz)		
Principal Financial Officer		
/s/ Christine A. Tsingos	Executive Vice President,	
(Christine A. Tsingos)	Chief Financial Officer	March 18, 2013
Principal Accounting Officer		
/s/ James R. Stark	Vice President, Corporate Controller	March 18, 2013
(James R. Stark)		
Other Directors:		
/s/ Louis Drapeau	Director	March 18, 2013
(Louis Drapeau)		
/s/ Albert J. Hillman	Director	March 18, 2013
(Albert J. Hillman)		
/s/ Dr. Ted W. Love	Director	March 18, 2013
(Dr. Ted. W. Love)		
/s/ Deborah J. Neff	Director	March 18, 2013
(Deborah J. Neff)		
/s/ Alice N. Schwartz	Director	March 18, 2013
(Alice N. Schwartz)		

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. (20)
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)
10.11	Second Amendment to the 2003 Stock Option Plan of Bio-Rad Laboratories, Inc., dated March 1, 2012. (21)
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.

Exhibit No.

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.

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, 2012, is filed in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Changes in Stockholders' Equity, (vi) the Notes to Consolidated Financial Statements and (vii) 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, 2003, dated March 15, 2004 (File No. 001-7928; Film No. 04669434).

(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; Film 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. 11935120).

(20) Incorporated by reference to Exhibit 10.4.6 to Bio-Rad's Form 10-K filing for the fiscal year ended December 31, 2011, dated February 29, 2012 (File No. 001-07928; File No. 12652048).

(21) Incorporated by reference to Exhibit 10.1 to Bio-Rad's June 30, 2012 Form 10-Q filing, dated August 9, 2012 (File No. 001-07928; Film No. 121019446).

BIO-RAD LABORATORIES CORPORATE INFORMATION

DIRECTORS

Norman 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

OFFICERS

Norman Schwartz
Chairman of the Board,
President and
Chief Executive Officer

Brad Crutchfield
Executive Vice President,
President,
Life Science

John Goetz
Executive Vice President,
President,
Clinical Diagnostics

Giovanni Magni
Executive Vice President,
International Sales

Christine Tsingos
Executive Vice President,
Chief Financial Officer

Sanford S. Wadler
Executive Vice President,
General Counsel & Secretary

Ronald Hutton
Vice President, Treasurer

James Stark
Vice President,
Corporate Controller

OTHER EXECUTIVES

Michael Barcellos
Vice President,
General Manager,
BioPlex,
Clinical Diagnostics

Steve Binder
Director,
Technology Development,
Clinical Diagnostics

Patrick Bugeon
Senior Vice President,
Operations Europe,
Clinical Diagnostics

John Bussell
Vice President,
General Manager,
Immunohematology,
Clinical Diagnostics

George Cao
Vice President,
Commercial Manager,
Greater China

Patrick Carroll
Vice President,
Commercial Manager,
North America Sales,
Life Science

Jean-Francois Chauvet
Vice President,
General Manager,
Food Science, Life Science

Jean-Marc Chermette
Vice President,
Commercial Manager,
Emerging Markets

Colleen Corey
Vice President, Corporate
Human Resources

Michael Crowley
Vice President,
Commercial Manager,
Europe

Diane Dahowski
Senior Vice President,
Operations,
U.S. Clinical Diagnostics

Patrice Deletoille
Vice President,
General Manager,
Infectious Diseases,
Clinical Diagnostics

H. Jeff Garner
Vice President, Manufacturing,
Life Science

John Hertia
Senior Vice President, Global
Technology & Systems

Michael Jackson
Vice President,
General Manager,
Clinical Systems,
Clinical Diagnostics

Shannon Hall
Vice President,
General Manager,
Laboratory Separations,
Life Science

Chang Hong
Vice President,
Commercial Manager,
Asia Pacific

Scott Jenest
Senior Vice President,
Operations, Life Science

Leo Kaabi
Vice President,
General Manager,
Quality Systems,
Clinical Diagnostics

Daniel Merle
Manager,
Business Development,
Clinical Diagnostics

Dave Reilly
Vice President,
Commercial Manager,
North America Sales,
Clinical Diagnostics

Jonathan Schimmel
Vice President,
General Manager,
Gene Expression,
Life Science

Sadashi Suzuki
Vice President,
Commercial Manager, Japan

Ted Tisch
Vice President,
General Manager,
Protein Function, Life Science

Annette Tumolo
Vice President, General
Manager, Digital Biology
Center, Life Science

Octavio Zendejas
Vice President,
Commercial Manager,
Latin America

ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Tuesday, April 23, 2013 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 2012 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

Bio-Rad Laboratories
1000 Alfred Nobel Drive
Hercules, California 94547
510-724-7000
www.bio-rad.com